HELSINKI SCHOOL OF ECONOMICS (HSE)
Department of Accounting and Finance

THE ATTENTION DIRECTORS AND DECISION PUSHERS: CONTROLLERS' MODERN ROLES IN THE TOP MANAGEMENT TEAM DECISION-MAKING

Case ICT Company

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ABSTRACT
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Objectives of the study

The study aimed to analyze controllers' roles in top management team decision-making. The objective was to illustrate the various roles controllers have in different decision-making situations in the case company. Since previous studies on controllers' roles have often neglected the impact of business managers on the acted roles, special attention was given to top management team members' expectations on controllers' roles.

Research method and data

Role theory, controller's role studies and managerial decision-making literature formed the theoretical lenses of the study. The overall view regarding controllers' professional profile and identity, top management team decision-making and managerial roles was formed based on this previous literature. The research method was a single company case study, focusing on the top management teams of one business unit. The ethnographic method was used to gather the empirical evidence, and triangulation was used to enhance the quality of the material. Thus, in addition to participant observation in five top management meetings, ten in-depth, semi-structured interviews were carried out.

Findings

According to the empirical evidence, controllers' roles as decision-makers are still quite ambiguous in the top management team. Members of top management teams increasingly expect controllers to have a central role in pushing the use of formal analysis and bringing realism and objectivity to decision-making situations. Instead of producing traditional reporting to back up decision-making, emphasis is placed on interpreting the information, making it understandable and focusing attention to it in decision-making situations. Directing the top management team's attention to key issues and acting as a proactive decision-pusher were the central features of modern controllers′ roles in managerial decision-making.

Key words

Controllers' role, role theory, professional identity, top management team, decision-making

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TIIVISTELMÄ
30.5.2008

HUOMION SUUNTAAJAT JA PÄÄTÖSTEN PURISTAJAT: CONTROLLERIN MODERNIT ROOLIT JOHTORYHMÄN PÄÄTÖKSENTEOSSA
Case ICT Yritys Oyj

Tutkimuksen tavoitteet

Tutkimuksen ensisijaisena tavoitteena oli tutkia controllerin osallistumista johtoryhmän päätöksentekoon case-yrityksessä sekä kuvata erilaisia rooleja, joita päätöksentekotilanteissa nousee esiin. Koska aiemmissa tutkimuksissa johdon vaikutuksen huomioiminen controllerin roolin muotoutumisessa on ollut vähäistä, puheenvuoroja jaettiin suurimmaksi osaksi muille johtoryhmän jäsenille kuin controllereille.

Tutkimusmenetelmät ja lähdeaineisto

Tutkimuksen teoreettisina linsseinä käytettiin controllerin roolikirjallisuutta, rooliteoriaa sekä johtamis- ja päätöksentekokirjallisuutta. Lähdekirjallisuuden perusteella muodostettiin kokonaisnäkemys controllerin ammattiprofiilista ja -identiteetistä sekä ylemmän johdon päätöksenteosta ja johtajien rooleista. Työn tutkimusmetodina on yhden yrityksen case-tutkimus, jossa tarkastellaan johtoryhmätyöskentelyä yhden tulosyksikön sisällä. Empiirisen materiaalin triangulaatiolla pyrittiin parantamaan aineiston laadukkuutta. Empiria kerättiin etnografista tutkimusotetta noudattaen osallistuvalla havainnoinnilla viidessä johtoryhmän kokouksessa, jota täydennettiin haastattelemalla kymmentä johtoryhmän jäsentä.

Tutkimustulokset

Tutkimuksen tulokset osoittavat, että controllerin rooli johtoryhmän päätöksenteossa on yhä melko epäselvä. Johtoryhmässä controllerilta odotetaan enenevissä määrin merkittävää roolia analyysiin pohjautuvan päätöksenteon eteenpäinviemisessä sekä realismin tuomista päätöksentekotilanteisiin. Perinteisen päätöksentekoa tukevan informaation tuottamisen sijaan tärkeämpää on informaation tulkinta, sen ymmärrettäväksi tekeminen ja sen liiketoiminta- ja päätöksentekokontekstiin liittäminen. Johtoryhmän huomion suuntaaminen merkittäviin asioihin sekä proaktiivinen päätösten puristaminen nähtiin keskeisinä piirteinä modernin controllerin päätöksentekorooleissa.

Avainsanat

Controllerin rooli, rooliteoria, ammatti-identiteetti, johtoryhmä, päätöksenteko

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1 INTRODUCTION

1.1 Background and motivation

In recent years, there has been a growing interest in controllers' business partnering roles across Europe (see e.g. Ahrens 1997, Burns & Baldvinsdottir 2005, Järvenpää 2007). Especially the propagated shift from bean-counters to business partners has attracted much attention in accounting literature. This shift has essentially meant the cultural transition from number-crunching to increased commercial awareness indicating also that expectations towards the work of management accountants have changed significantly (Vaivio & Kokko 2006, Granlund & Lukka 1998, Partanen 2001). Instead of merely drawing up financial reports, controllers focus increasingly on supporting the operations, highlighting the financial implications of decisions and having the courage to question the status quo. In fact, Simons (1991) noticed that managers pay a rather limited amount of attention to traditional financial control. A periodical and analytical pinpointing of variances was considered sufficient. Instead, information concerning strategic uncertainties and driving forces of financial performance was considered important.

Thus, the expert profile of the modern business controller in our dynamic and more knowledge-intensive era is often characterized by a commercial way of thinking of the firm's operations and by an attention to field detail – ranging from technical or logistic issues to subtle marketing efforts and customer-related service questions (Vaivio 2006). The most prominent outcome of this business-oriented transformation is the emergence of the controller as an important player in organizational decision-making (Granlund & Lukka 1998). Driven mainly by the demands of managers who face an increasingly uncertain and complex environment and still have to make timely and well-informed decisions, management accountants are more and more often expected to support managers in different decision-making situations.

As Burns and Baldvinsdottir (2005) highlight, management accountants can shape a more exciting and value-adding role for themselves by recognizing, acting upon and coping with emergent opportunities for change. However, there have been remarks about the differing expectations of managers and controllers concerning their roles in the decision-making process.

According to Byrne & Pierce (2007), sometimes controllers perceived themselves as decision-makers but managers viewed them more in a role that involved making suggestions, recommendations and influencing outcomes.

This study builds on the article of Byrne & Pierce (2007), who studied the antecedents and consequences of controller's role and noted that controllers themselves most influenced their roles. However, their study also indicates that managers had an influence on controllers' roles (ibid). Likewise, the role theory of Katz & Kahn (1978) emphasizes that expectations of role senders significantly impact the acted roles. Thus, it was anticipated that also the members of the top management team (TMT) affect controller's roles in TMT decision-making.

Controllers' roles have been studied widely also in the Finnish context (see e.g. Granlund & Lukka 1998, Partanen 2001). However, it can be argued that the previous studies on controllers' roles suffer from some serious limitations. Attention is drawn especially to three fundamental limitations that are of interest regarding the study at hand. First, previous research has been conducted mainly in the form of surveys or interview studies, focusing only on the financial experts' perspective. Second, the subjects under study have been mainly CFO's or financial controllers of companies; business unit controllers have not been in the scope of these studies (Pierce & O'Dea 2003, see also Partanen 2001, Vaivio & Kokko 2006). Third, interviews or surveys as the only method of gathering empirical evidence have some drawbacks. For example, interviewees often speak about how things should be, instead of telling how they in fact are. The weaknesses of this method are further discussed in Chapter 4.

In previous studies, the extent of the controller's involvement in business processes and decision-making is lacking in terms of the managerial viewpoint. According to Pierce and O'Dea (2003), future research on expectations towards controllers' roles should involve also the managers' perspective. There is also little research which addresses the roles of controllers as decision-makers. Thus, the key question still remains unanswered: what role do the business controllers play in the top management team decision-making? In previous studies, the role of controllers in the TMT has been neglected, only stating that when controllers act as members of a management team, they have reached the top of career development. However, this assumption reminds us distantly of the end of a romantic movie: the couple falls in love and lives happily ever after, although this "happy end" usually is only the beginning of yet another story. Thus, it may well be valuable to study this story more closely.

1.2 Objectives of the study

Although the controllers' roles have been presented in literature before, the contribution of this study lies in specifying the roles acted in a specific context of decision-making, a central business-partnering activity. The purpose of the study is therefore to identify and illustrate the modern roles of controllers in the top management team decision-making in the context of the case company. The research questions thus follow:

1. What kind of roles do controllers have in the top management team decision-making?
2. How do controllers contribute when making decisions in the top management team?

However, the intention is not to study the decision-making process or its rationality, nor to study the techniques used in decision-making situations, but the roles that controllers play in different types of decisions. The decision-making is viewed more from a behavioral point of view, grounded on Mintzberg (1980). The study thus takes into account that managers are typically confronted with numerous bits of information that demand attention. Also, this study recognizes the importance of the managerial accounting culture, as well as the impact of other top management team members' expectations and experiences on the studied phenomenon.

1.3 Methodology and limitations of the study

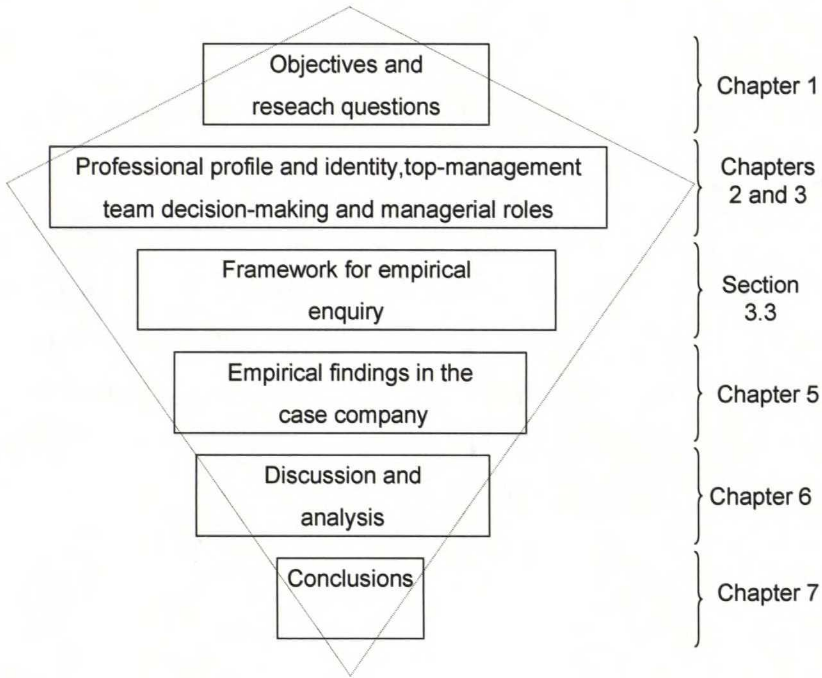
The empirical part of the study was conducted using the ethnographic method, using both participant observation and interviews to triangulate the empirical material and enhance the quality of the study. The primary empirical data was gathered between January and April 2008. In addition to participating in five top management team meetings, the empirical data was complemented with ten in-depth, semi-structured interviews of the top management team members. The interviewees included two business controllers, two heads of operations and six business managers. Rich empirical evidence is presented in the form of quotations, and the study aims also to describe the research environment through observations made during the one-year period that the researcher spent in the case company.

There are also some limitations to the study at hand must be recognized. First, this is a single-case study that involved one business unit, two top management teams, observations of five meetings and interviews of two controllers and eight business managers. Therefore, the study may not be representative. Triangulation through participant observations and interviews was used to enhance the quality of the data and to hedge against the limitations of employing only the commonly used interview method. Although the number of observations was clearly enough to have a good informational content from the studied phenomenon, caution is required in generalizing the results of a case study. Also, the organizational context affects the results of the study. This study was conducted in a Finnish listed company with quite intangible products. The results might have been different if the study would be conducted in a subsidiary of a multinational enterprise or, for example.

1.4 Structure of the study

The study is divided into seven chapters. Figure 1 presents the structure of the study, and shows the first widening and then narrowing scope of the study. The first chapter introduces the research subject to the reader, together with the objectives of the study and the research questions, and restricts the scope of the research. Also some key terms are defined in this chapter.

Figure 1: Structure of the study



Chapter 2 begins by introducing the culturally flavored framework of Järvenpää (2007), which also forms the basis for illustrating the accounting culture of the case company in the empirical part. The second and third chapters widen the theoretical discussion, presenting the previous literature. The focus of the literature review is on role theory (Katz & Kahn 1978), the roles of modern controllers (Byrne & Pierce 2007, Partanen 2001) and the literature concerning managerial decision-making (Mintzberg 1980, Langley 1995). Section 3.3 concludes the previous literature by tying the theoretical perspectives together and presenting the theoretical lenses to the empirical inquiry.

Chapter 4, although not included in the figure, introduces the methodology and describes the design of the empirical research. Chapter 5 presents the empirical material gathered in the case company. First, the accounting culture of the company is described. Second, several controllers' roles that surfaced in decision-making situations are illustrated, as well as some issues concerning the clarity of these roles. Third, some specific decision-making situations are described to complement the picture. Section 5.4 summarizes the key empirical findings of the study. Chapter

6 analyses these findings in light of previous studies. Chapter 7 makes the concluding remarks and presents some inquiries for further research.

1.5 Key terms and concepts

Top Management Team (TMT)

Already the famous upper echelon theory of Hambrick and Mason (1984) focused on top management teams rather than strictly on the chief executive officer. Since in most cases, management and decision-making are shared efforts, also this study examines controllers' roles in this team setting. The top management team (TMT) consists of top executives of the company, and it forms the role set for the controller in this study (See 2.3.1.).

Controller

Management accountant, business controller, controller; all of these terms are often used as synonyms. In this study, these terms are used to describe the financial experts working in business unit or profit center level, concerned with managerial accounting instead of financial accounting or statutory reporting. Also, the study at hand focuses on the more "junior" business controller positions, and thus the more senior business controllers who also lead their own controlling teams are left outside of the scope of this study.

2 CONTROLLERS' ORGANIZATIONAL POSITIONING

The following chapter discusses previous literature on controllers' professional positioning, starting with the accounting culture. Then, relevant literature concerning controllers' roles is discussed, coupled with a short discussion on role clarity issues.

2.1 Behind the scenes

Previous studies have indicated that accounting culture clearly influences the role of controllers in organizations (see e.g. Byrne & Pierce 2007, Dent 1991 and Järvenpää 2007). In this study, the ethnographic method was used to obtain the empirical data and to depict the accounting culture of the case company (Schein 1985, 21). Therefore, it seems appropriate to start with a few words on the accounting culture.

2.1.1 Perspectives on the accounting culture

Accounting practices are a common feature of most organizations. Planning and budgeting activities, systems of accountability and budgetary control all rely to a greater or lesser extent on accounting practices. Therefore, inevitably, accounting is likely to be implicated in organizations' cultural systems (Dent 1991).

In some organizations, accounting is incidental, perhaps existing as a practice, but with no particular significance. The accounting function might be necessary in ensuring that revenues are accounted for and suppliers paid, but it has no significance to senior management. In other organizations, as an opposite of the previously presented somewhat boring and gloomy image, accounting is centrally involved in work rituals: financial achievement is celebrated, and budgets do matter. (Dent, 1991)

Organizational (and accounting) culture is formed by the basic assumptions and beliefs that are shared by members of an organization. These mostly unconscious assumptions are taken for granted[1]; a learned product of group experience that has worked well enough to be considered valid, and therefore to be taught to new group members as the "correct" way to interpret their experiences and guide their actions (Geertz 1973 and Schein 1985, pp 6-8). As such, these unquestioned assumptions give meaning to everyday activity in an organization (Järvenpää 2007).

According to Geertz (1973), the management accounting culture mobilizes in social relations and networks. It surfaces in the form of other's perceptions of controllers within team settings, controllers' perceptions of themselves and the building of trust and relationships by acting as integral members of top management teams (Burns & Baldvinsdottir 2005, Järvenpää 2002).

But as Burns et al (1999) note, these taken-for-granted assumptions might also have negative effects on the accounting culture, given that they can be difficult to unlearn. For example, organization-wide negative labels placed on the services or position of controllers might hinder their contribution in the top management teams (Partanen 2001, 298). Thus, the business partnering also requires that managers learn how to exploit controllers' input in decision-making situations

As culture is produced through action and interaction, it may differ not only *between* but also *within* organizations. As Morgan (1997, 137) noted, for example managerial teams and professional groups are likely to form distinct subcultures and interpret accounting information differently. For example, to senior managers, accounting may symbolize efficiency, calculative rationality and order, while to others it may be irrelevant (Dent 1991). Moreover, each professional group, for example marketing people, engineers and accountants, might have developed its own specialized language and set of favored concepts. Different norms, beliefs and attitudes towards time, efficiency or service can create divisions between these groups (Morgan 1997, 137). This overt separation of divisional perspectives (Ahrens1997) combined with the use of professional jargon can make functional and professional barriers very real.

[1] In the academic literature, these taken-for-granted assumptions are referred to as institutions. (Burns et al. 1999 and Burns & Scapens 2000)

However, according to Granlund and Lukka (1998), the controllers might actually gain a considerably high informal status in their organization by breaking these function line borders. Since management accounting is such a specific field, people in other functions might feel they do not know the basic principles and consider it as some mysterious science. "It is precisely the good guys who are able to break this kind of prejudices and can explain that it is all about rather simple basic issues" (Granlund & Lukka 1998).

In the academic literature, there have been several stories told about how accounting might have different cultural appreciation between organizations. The studies of Ahrens (1997) and Dent (1991) show how accounting was implicated differently in different cultures; in the "British" vs. "German" and the "business" vs. "engineering".

Ahrens (1996, 1997) studied the different ways in which accounting is involved in organizational action in British and German brewers. Drawing on observations of management practices and interviews with both accountants and operations managers, Ahrens (1996) found two different kind of accounting cultures. In German brewers, accountants were not considered competent to make decisions affecting profitability. The operational managers instead were thought to have the best knowledge on how to cut costs or increase revenues.

In Ahrens' (1997) study, accounting in German brewers was regarded as an abstract and operationally detached form of expertise, which served mainly to legitimize and rationalize completed operational proposals. It represented a "snapshot of history" reporting of results of the actions already taken, which gave no indication on how managers could improve performance (Kaplan & Norton 1992, 1993, 1996, 2007). In Britain, however, the accounting culture was quite different. In British brewers, management actually seemed to privilege accounting criteria in judging plans of action. Controllers were involved early in the emergent operational proposals, combining their accounting expertise with operational knowledge (Ahrens 1997).

In his longitudinal case study, Dent (1991) followed the changing accounting culture in a railway company. The study depicts how "business" culture took over the "engineering" culture, monitoring a shift from operationally focused culture to "making the railway profitable". By constantly questioning the engineer's plans by asking about the options and implications of decisions, gradually the business culture and the "language of the bottom line" gained influence. Instead of running trains, the purpose of the railway shifted towards generating profits. (Dent 1991, see also Scapens and Roberts 1993)

2.1.2 Managerial interventions

According to Morgan (1997, 130-132), "those in power" play a crucial role in shaping the culture that guides the organization. Therefore, the top executives play a vital role in determining the accounting culture. Järvenpää (2007) has identified several cultural interventions which (made deliberately or by accident) affect the accounting culture and controllers' organizational position. Based on the work of Schein (1985) and Burns and Scapens (2000), he categorizes these cultural interventions by means of their level of formality. These interventions are defined as efforts that guide the controllers as well as the accounting culture throughout the organization closer to operational detail. Table 1 show these managerial interventions which will form a base for introducing the accounting culture of the case company on the empirical part of the study.

Table 1. Formal and informal cultural interventions (Järvenpää 2007)

Formal interventions	Informal interventions
Structural interventions	Role modeling
Systems interventions	Attention paying
Innovative interventions	Storytelling
Official value statements	
HRM interventions	

In Järvenpää's (2007) framework, interventions dealing with structures, systems and innovations are included in the category of formal cultural interventions. These include, for example, decentralization of the controller function to business units, as well as operational control systems and software packages, such as ERP systems. According to previous studies, these investments in corporate-wide planning and control processes and systems enable controllers to carry out routine activities more effectively, handle large databases quickly, report in a faster and more flexible way, and increase the orientation towards the business instead of over-consumption of time with clerical and routine accounting tasks. (Scapens and Jazayeri 2003, see also Granlund and Malmi, 2002)

According to Burns et al. (1999), the traditional division of duties between business managers and controllers has dramatically changed. Since nowadays individual managers have both greater responsibility for the information concerning their own area of activities and direct, real-time access to the databases, the accounting information is more de-centralized. This gives them greater ownership of the information and means they need to understand the accounting system. It has also given rise to the "de-centering" of accounting knowledge, with business managers performing tasks previously in the controllers' territory[2], such as preparing budgets and forecasts, analyzing performance and calculating variances. This is particularly because in addition to the available information, managers have the necessary local knowledge which controllers quite often do not have (Burns et al 1999, see also Joseph et al 1996).

Several studies have reported the advantages of decentralizing controllers from headquarters into business units (i.e. Burns & Baldvinsdottir 2005, Järvenpää 2001 and 2007, Partanen 2001). The results of these studies indicate that the positioning of controllers next to the original source of market information resulted in intensified interaction between management and controllers, leading to more accurate and useful accounting information, increased appreciation of controllers and new emerging business understandings.

Järvenpää (2007) also categorized accounting innovations, such as rolling forecasts and non-financial measures, as formal interventions. In the 1990's, many non-financial measurement models were introduced, such as the Balanced Scorecard and Tableaux de Bord (see Lebas 1994, Epstein & Manzoni 1998, Kaplan & Norton 1992, 1993, 1996). A common feature of these models is that although they still rely on financial measures, the monetary information is only

[2] Byrne and Pierce (2007) refer to these managers as "pseudo" accountants.

looked upon as one element of the information which is needed. Consequently, more fundamental drivers of performance can be addressed (Vaivio 2001), complementing the performance picture and adding value to the traditional, often quite limited financial review (Ittner & Larcker 2003).

According to Vaivio (2001, 2004, 2006), there are several advantages related to the "provocative" nature of non-financial measurement. First, they focus the attention on key activities by bringing them under the spotlight. Second, they open new visibility and challenge deeply rooted organizational practices by probing deep to the "how" of ongoing actions, the "root causes" behind the financial performance. Thus, as the controller makes the underlying inefficiencies more transparent to the business, previously automatic and unconscious business logics, natural and accepted over the years, could be exposed as problematic, and become consciously questioned (Burns & Baldvinsdottir 2005).

Interventions related to role modeling by top management, paying attention and storytelling regarding top controllers are very different means since they are informal and often unconscious in nature. These include both directing of personal attention to new (customer and personnel) measures or to new kinds of behavior, and the role modeling performed by top executives by hands-on management and proactive participation (Järvenpää 2007). However, in addition to these managerial interventions, the business partner role also requires strong motivation, and assuming a new professional identity and role image (Partanen 2001, 298).

2.2 Controller's professional profile

Next, the current literature on controllers' roles, role identity and also possibly arising role ambiguities are discussed. Often, the studies concerning controller's roles have neglected the aspect of professional identity and have instead concentrated on describing the activities controllers perform or should perform. First, this study presents the often-forgotten perspective of professional identity, followed by a short description of business controllers' main activities. The second section focuses on the most recent literature on controller's role development, presenting also the framework of Partanen (2001), against which the empirical results are portrayed in Chapter 6.

2.2.1 Professional identity

In literature, on Broadway and on screen, accountants are rarely villains in tailored suits. They are nerds, nebbishes and social misfits. In a famous Monty Python sketch, Michael Palin, as an accountant who wants to be a lion tamer, visits career counselor John Cleese, who advises against it:

> "You are an appallingly dull fellow, unimaginative, timid, lacking in initiative, spineless, easily dominated, with no sense of humor and irrepressibly drab," Cleese says. "In most professions, these would be considered drawbacks. In chartered accountancy, they are a positive boon." (Smith & Briggs, 1999)

Also in accounting literature, the identity-related discussion on the public image of the profession and the accountant stereotype has been active (e.g. Friedman & Lyne 2001, Dimnik & Felton 2006). The image of accountants has been studied, for example, by examining the accountants' image portrayed in movies and other popular culture. These images do not separate accountants, management accountants or business controllers, but perhaps, neither does the public. Therefore, controllers' professional identity might also be affected by these stereotypes, hindering the chances for business partnering.

According to Ashforth (2001, 6) a role identity provides a definition of self-in-role and includes the goals, values, beliefs, norms, interaction styles and time horizons typically associated with a role. The way professionals view their role identity is central regarding how they interpret and act in work situations. The general image and the professional identity at an individual level are connected so that professional identity directly influences the individual's behavior and self-concept. Thus, accountants' professional identity reflects how they understand themselves to be distinctive from members of other professions (Empson 2004).

As Barley (1989, 50) pointed out, role and identity are two sides of the same coin: while roles look outward toward the interaction structure in a setting, identities look inwards toward the self-definition associated with role enactment. Similarly, Ashford (2001) noted that role and identity evolve interactively. Ibarra (1999) also recognized the importance of role models and argued that the ability to observe these role models allows professionals in role transitions to identify potential identities and to build a repertoire of tacit knowledge, routines, and attitudes that hey can use in adapting to a new role.

According to Ahrens and Chapman (2000), much accounting research takes for granted the notion that management accounting is an occupational profession with a defined identity. Yet it is far from clear to what extent contemporary management accounting practice is indeed informed by common understandings of how management accountants should work. Management accounting work is more strongly characterized by the specifics of the organization than, for example, audit, making it less easy to generalize about its content and processes. (ibid).

Often, the concepts of organizational culture and identity have overlapping meanings. Hatch and Schultz (2002) clarify the "conceptual minefield", arguing that culture and identity are related; identity both mirrors the images of others and expresses cultural understandings. Consequently, identity is simultaneously linked with cultural understandings and the images held by the organization's "others". In addition, they distinguish that culture is relatively more contextual and tacit, whereas identity, when compared with culture, appears to be more textual and explicit (Hatch & Schultz 2002). It can thus be concluded that the concepts of culture and identity are interrelated, but it is important to distinguish between these two.

However, as Hatch and Schultz (2002) note, organizational members develop their identity not only in relation to what others say about them, but also in relation to who they perceive they are. As a result, Hatch & Schultz (2002) view organizational identity as a social process, where both identity and culture must be considered. Accordingly, when discussing controllers' roles in this study, both the accounting culture and the other members of the management team are taken into account.

2.2.2 Wanted: a business controller

It has been repeatedly argued that controllers should forget the roles of scorekeepers and company watchdogs; those boring accountants who produce financial information of little use in running the business (Friedman & Lyne 1997). Ideally, controllers act as advisers to management, at best being members of the top management team and an increasing participant in decision-making (Granlund & Lukka 1998).

Finnish management accounting functions have traditionally been directed to the inner processes of firms: management accountants have co-operated more with production people than with marketing and sales personnel. Finland's membership in the European Union from the start of 1995 was probably one of the greater boosts in a path from a rather purist nationalism towards a more international European cultural citizenship. In order to survive in international competition, Finnish companies have presumably been forced to change their operating styles, from salesmen and accountants to CEOs. (Granlund & Lukka 1998)

Since those days, the Finnish management accountants have been a target for many researchers (i.e. Granlund and Lukka 1998, Järvenpää 2001 and 2007, Malmi et al. 2001, Partanen 2001, Tuomela and Partanen 2001, Vaivio & Kokko 2006). In Finland, controllers are most often encountered in divisions or profit center level. [3]

In a study by Byrne & Pierce (2007), managers identified the needed attributes of a business controller. These included approachability, commercial awareness, organizational influence, team and communication skills, and flexibility. Similarly, in regard to the technical and monitoring aspects, certain attributes were identified, including being thorough and structured and having strength of character. More flexibility was sought in terms of open-mindedness, in the consideration of non-financial criteria and in the implementation of budgetary control (Byrne & Pierce 2007). "The controller should have such an image that the other members of the

[3] The title of controllers might nowadays be also found in the centralized accounting departments at the corporate level. However, in this study, the term controller refers to business controllers functioning in i.e. business unit level.

management team believe he talks sense. It is significant how well the controller is able to get the message through to its destination in the organization" (Granlund and Lukka 1998).

However, there is still a need for timely, accurate, relevant, understandable and concise accounting information and the controllers' central duty still remains to produce the key figures and the needed material for decision-making purposes. But instead of writing accurate and correct financial history, managers expect controllers to prepare reports with a management-oriented broad mind, concerned with the big financial picture. And instead of "beating the managers every month with the numbers", controllers should help the organization to focus on what needs to be improved (Vaivio & Kokko 2006).

Byrne & Pierce (2007) also listed some other activities controllers are engaged in. These included the following:

- Providing and interpreting information
- Decision support
- Periodic performance reporting and planning
- Project assignments
- Ad hoc analyses
- Administration
- Use of accounting techniques
- Instructing managers

In addition to the activities mentioned above, the development of accounting information systems and balanced scorecards seems to occupy a lot of management accountants' time (Malmi et al 2001). Therefore, the business controller should have a thorough understanding of the micro-realities underlying both financial and non-financial figures (Vaivio 2006). Partanen (2001) also emphasized the importance of intervention skills of controllers.

As Granlund and Lukka (1998) stated already 10 years ago, the controllers' most important task still is to bring the financial perspective into managerial decision-making situations and to take care that this information will be received by the managers. Nevertheless, the controller's role in the management team decision-making has not yet been studied empirically in depth. How is the controller involved in top management team decision-making? Is the role only supportive? Are the expectations of controllers and managers in line?

Empirical research has indicated a somewhat contradictory set of findings. Some studies note that controllers play an important part in organizational decision-making processes (Ahrens 1997, Vaivio 2004 and 2006), while others note that the roles may not be meeting the expectations of management regarding the provided information or the extent of involvement in management processes (Chenhall & Langfield-Smith 1998, Pierce & O'Dea 2003). Therefore, there is a need to deepen the understanding of controllers' roles, especially in decision-making situations.

2.3 Contemporary roles

Next, the previous literature on role theory is reviewed. The first section discusses role theory from a social psychological view. Then, controllers' role metaphors are presented according to Partanen's (2001) model. The third section presents some views on role clarity and role ambiguity.

2.3.1 Role theory in brief

According to role theory (Kahn et al 1964, Katz & Kahn 1978), organizational (focal) roles are determined by the expectations of other members of the organization (role senders). As the present study focuses on the different roles of controllers in the top management team, this theoretical lens was used in interpreting the findings of the study.

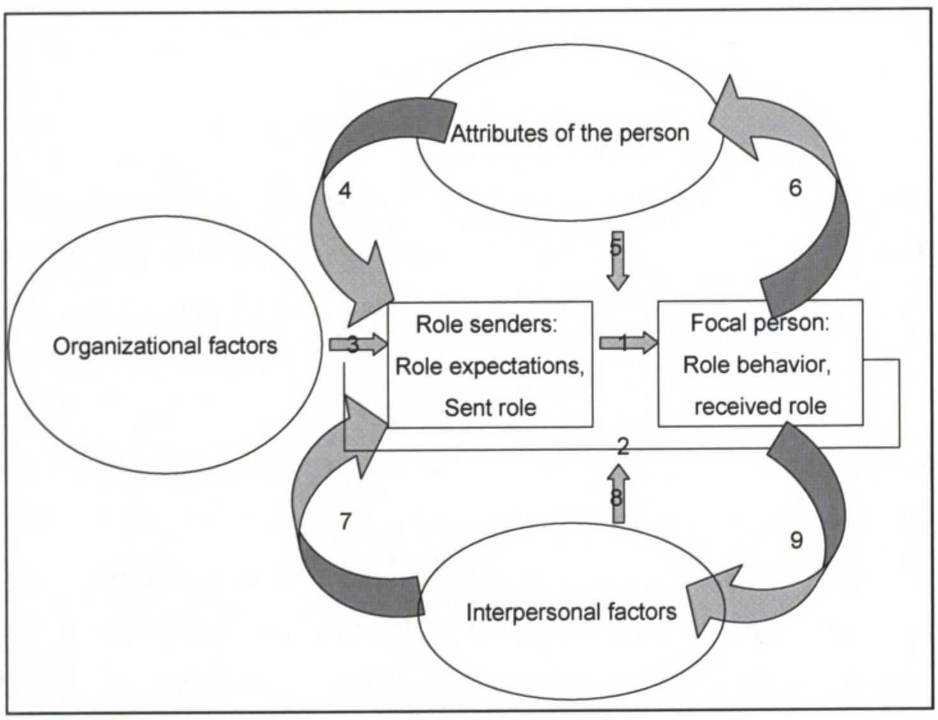
In their pure organizational form, roles are standardized patterns of behavior, describing the specific forms of behavior associated with given positions (Katz & Kahn 1978, 43). All members of a person's role set[4] depend on the person's performance in some fashion: they are rewarded by it, judged in terms of it or require it to perform their own tasks. Because they have a stake in that person's performance, they develop beliefs and attitudes about what he or she should and should not do as a part of the role. Moreover, people well up in the organizational hierarchy also exercise an indirect effect on the roles of others through the decisions they make (Katz & Kahn 1978, 190)

[4] Other people directly associated with the role (Katz & Kahn 1978, pp.189)

As Katz & Kahn (1978, 220) highlight, the expectations of organizational members are defined through interaction of the role senders and the focal person. The factors influencing the role include both the role expectations held by the role senders and the communication of role requirements. Consequently, the role the focal person receives might be distorted by the perceptions and behavior of that person. (ibid).

Katz & Kahn (1978, 187) consider role-sending as a continuous process by which the person is socialized into a particular role. This cyclical process is portrayed in Figure 2.

Figure 2: Factors involved in organizational role sending and role taking (Modified from Katz & Kahn 1978, 196)



The first three arrows represent the communication between role senders and the focal person. Arrow 1 represents the process of role sending, and arrow 2 the feedback by which the role senders estimate the impact of their previous communication. Arrow 3 asserts a causal relationship between organizational variables and the role expectations held about and sent to a particular position, e.g. controlling function. These organizational factors refer to the structure and subsystems of organizations, i.e. size, number of echelons and culture (Katz & Kahn 1978, 195-197).

Thus, the role sending process does not occur in isolation: several individual, interpersonal and organizational factors shape it also. The individual factors refer to the motives and values affecting the individuals' evaluation of the role sender's signals (arrow 4). Consequently, it should be noted that same signals can be interpreted differently by individuals (arrow 5). Arrow 6 proposes that role behavior affects the personality; "we become what we do". Also the expectations held for and sent to the focal person depend on the quality of the relationship already existing between the person and other members forming the role set (arrow 7). The continuing interpersonal relations of the focal person and role sender also affect how the sent expectations are understood (arrow 8). Arrow 9 presents the effect of the focal persons' feedback to the members of the role set (Katz & Kahn 1978, 195-197). The findings of Byrne and Pierce (2007) also suggest that management and controllers themselves influenced controllers' roles the most. It could thus be presumed that the expectations of business managers determine at least partly the role of the controller in the top management team.

Several complications are also considered relating to organizational roles. One role may involve many activities and multiple roles may be incorporated to be performed by a single individual. Moreover, one person may hold a number of different roles. Also, there are often disagreements between members of role sets with respect to what the focal person should actually do (Katz & Kahn 1978, 220). But as Chreim et al (2007) indicate, not having a clear role template, although a challenge, can also be seen as an opportunity, in the sense that there are no constraints by a specific role model.

However, while the previous studies provide strong support for the influence on management expectations, they also highlight a number of difficulties controllers face in interpreting the role sender expectations, especially when managers have different approaches. (Hopper 1980, Sathe 1983). As Byrne and Pierce (2007) state, there is some ambiguity related especially to the roles of controllers as equal decision-makers or business partners. They also add that the business partner model referred to in the literature lacks common understanding between managers and controllers and its adoption therefore might be less straightforward than previous studies anticipate (ibid). Kahn et al. (1964) use the term role ambiguity to refer to the uncertainty regarding parts of an individual's role.

2.3.2 Controllers' role metaphors

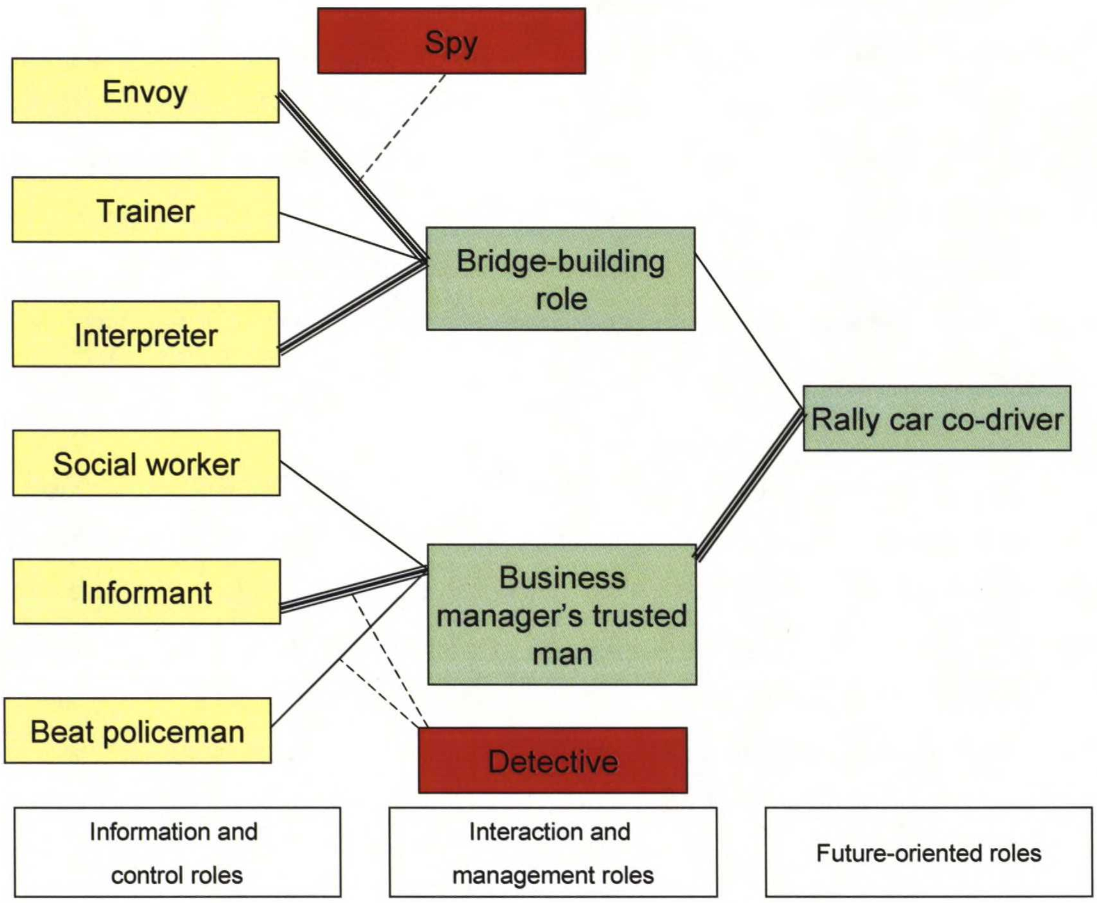
Granlund and Lukka (1998) outlined the possible development trends of the controllers as a continuum, from history writing through watchdog, consultant and advisor to a true member of the management team (also business controller). For controllers, the business partner role model generally denotes an increasing emphasis on a more strategic, forward-looking and collaborative role orientation (King et al., 1991; Friedman and Lyne, 1997; Granlund and Lukka, 1998a).

However, there is much less clarity on the roles of controllers as equal decision makers, or business partners, on management teams (Siegel, 2000 and 2003). Sometimes, controllers perceive themselves as decision makers but managers view them more in a role which involves making suggestions and recommendations and influencing outcomes. Hence, there is some ambiguity around the notion of what the business partner actually means to controllers and to managers (Byrne & Pierce 2007).

Partanen's metaphors are divided into three broad categories, namely information and control roles, interaction and management roles and finally, future-oriented roles. These roles are presented in Figure 3. Information and control roles (envoy, informant and interpreter) form the basis of interaction and management roles (bridge-builder), which by nature are more communicative and business-oriented (Partanen 2001, 327-331). Furthermore, a "business managers trusted man" requires evidence of supporting the business, strong knowledge of the business logics, and the ability to be critical and independent and to possess strategic thinking (Partanen 2001, 162-168). (See Figure 3)

In these roles, controllers can develop their expertise with the help of cross-functional interaction and finally reach the challenging future-oriented role of rally-co-driver, which requires also awareness and the utilization of innovative accounting techniques in order to analyze future scenarios. Most importantly, this role requires unlearning of producing accurate reports showing the successfulness of the operations and aiming at producing information based on beliefs and expectations. Thus, the future-oriented roles require abandoning the routine tasks and a relatively liberated organizational positioning (Partanen 2001, 169-171, 327-331).

Figure 3: Controllers' role model in light of different metaphors (modified from Partanen 2001, 328)



The individual controller might act according to several metaphors depending on the situation. For example, young accountants tend to manage historical financials well, but as experience is gained, professionalism increases and time horizon of the perspective expands. Controllers might also act against their role or not succeed in the role. The failure in information and control roles lead to the undesirable roles of spy and detective, which then hinder the transition to more sophisticated roles (Partanen 2001, 175-179, and 327-331). According to the beat policeman role, the control role has also changed; instead of monitoring the deviations from budget, the controller aims to affect the notions of managers concerning such things as cost-consciousness (Partanen 2001, 151-152). As Byrne and Pierce (2007) noted, managers have a poor perception of controllers whose involvement included merely watching for mistakes and seeking explanations for variances.

Thus, both previously presented metaphor models implicitly share the assumption of a growth process. Controllers adopt new skills and knowledge as a result of experimental learning on-the-job (Partanen 2001, 174-175). According to Järvenpää (2001), the ability to expand beyond financials to the operational processes and business could develop only through wide cross-functional interaction. By forming networks with other managers and discussing professional topics with decision-makers, controllers acquire the knowledge which gradually becomes routinized and enables them to support business decisions in a more advanced way and enlarge their contribution (Partanen 2001, 327).

When comparing Partanen's metaphors of controller roles with Mintzberg's model of management roles (see Mintzberg 1973), very similar roles become emphasized when it comes to these two professional groups (Partanen 2001, 177). Nevertheless, it should be noted that theoretically powerful concepts may not always fare well against empirics. For instance, the profile of the CEO in the prescriptive strategy literature portrays him/her in an almost superhuman light, as somebody holding amazing computational, analytical, motivational, futurological and rhetorical powers (Vaivio & Kokko 2006).

2.3.3 Role ambiguity and related conflicts

Role ambiguity emerges as a prevalent condition in organizational life. Various aspects of the role and of the situations surrounding it may be confusing. The person may be uncertain about the scope of his responsibilities, about what is expected of him or her by others, and what behaviors will be effective in meeting these expectations. According to Katz et al. (1964), the probable sources of role ambiguity include the growing complexity of organizations, the rapid pace of technological change, and the pervasiveness of certain managerial practices that deliberately foster ambiguity. In an absolute sense, role ambiguity exists when the information available to a person is not enough for adequate performance of the role. (Katz et al. 1964, 72-73, 94-95)

Two types of ambiguity may be distinguished in terms of the focus on the individual's feelings of uncertainty. The first results from lack of information concerning the proper definition of the job, its goals and the permissible means for implementing them. This type of ambiguity concerns the *tasks* the individual is expected to perform, in contrast to a second set of concerns relating to the *socio-emotional* aspects of role performance. This second kind of ambiguity manifests itself in person's concern about his or her standing in the eyes of others.

As Byrne and Pierce (2007) highlight, a greater involvement of the controller requires a common perspective on the roles of controllers and management's support. In particular, it raises a need for a role selling dimension, where the controller acts as an accounting ambassador (Chenhall and Langfield-Smith, 1998). Although the literature has noted a rising demand for the financial training of operational managers, less emphasis has been placed on the need for controllers to inform operational managers of the contribution that controllers could make to operational processes. The role selling also closely relates to a process of accounting skills transfer, where controllers instill commercial awareness and cost management thinking to real decision-making situations in the business units, encouraging and assisting operational managers to think more about the financial implications of their decisions, teaching the "language of the bottom line" (Granlund & Lukka 1998, Järvenpää 2001, Burns & Baldvinsdottir 2005, Dent 1991).

However, while controllers might desire more involvement with managers, managers may be skeptical of that involvement (Johnston et al., 2002). In fact, Byrne & Pierce (2007) found evidence that operational issues and projects progressed somewhat before interaction with controllers occurred. Thus, controllers´ networks and reputation were of importance in the role development.

According to Ahrens (1997), controllers experienced divided loyalties in their simultaneous roles as involved partners of operational management and independent financially objective informers of the top management team. Some management accountants emphasized the desirability of distancing themselves from the operational day-to-day business in the name of objectivity, since too "cozy" a co-operation led to concerns about whether the finance department was able to maintain its distanced objectivity towards operational proposals (ibid).

Also Byrne & Pierce (2007) noted that there is a potential for conflict when controllers occupy roles combining the need for objectivity and independence such as producing and using surveillance and control information, with business involvement managerially active duties, such as giving advice and participating in managerial activities. However, in most firms they studied, this conflict was viewed as a necessary phenomenon enabling the controller to be more objective, to be respected for their work and to develop better relationships with operational managers.

The modern controllers need to deal with the role conflict arising from a desire for more involvement in management processes in situations where managers may not wish them to have such an involvement (Byrne & Pierce 2007). A true business partnering and "sparring" require a trusting co-operation, which depends on the consistency of personalities and interaction. The enthusiasm of controllers to support the business is not solely enough; also the business manager has to experience the co-operation as natural and useful (Partanen 2001, 157-164; Järvenpää 2002). However, the findings of Byrne & Pierce (2007) indicate that the roles of controllers with respect to interacting with operational managers may have an emergent quality, a scope for a role selling capacity.

3 DECISION-MAKING IN TOP MANAGEMENT TEAMS

The "textbook-view" often presents management accounting as a functional technology which helps managers. It assists rational decision-making by providing quantitative information and objective financial evaluation and supports informed, sound choices. It also assists rational control by measuring and monitoring the achieved results towards specific and quantified financial and non-financial targets, allowing "management by exception", which then triggers immediate corrective action (see e.g. Drury 2000). Summing up, management accounting techniques are seen as a practical medium serving rational managerial purposes (Vaivio 2007).

But where does the controller stand in this picture? What are the implications if the "accounting culture" takes over? Will the increasing quantification change how decisions are made? Will it drive out the influences of intuition, practical experience and judgment? Will "hard" numbers overwhelm "soft" talk? (Vaivio 2007) When we step out of this rosy organizational wonderland into the real world, the story seems to be lacking some characters. First, we add the decision-makers.

3.1 The nature of managerial decision-making

Next, the managerial reality of decision-making is discussed, first in the context of the top management team and then from the perspective of individual executives.

3.1.1 The top management team

Corporate decision-making usually involves the CEO, the top management team (TMT) and the Board of Directors, which has legal responsibility of the governance of the company. Consequently, the senior management is ultimately a shared endeavor, extending beyond the CEO to other top executives, which make up the TMT. This coalition of senior management also plays a central role in formulating and executing corporate decisions (Eisenhardt et al. 1997). The TMT might thus be viewed as the aggregate informational and decisional entity through which the organization operates, forming the inner circle of executives who collectively formulate, articulate and execute the strategic and tactic moves of the organization (Eisenhardt et al. 1997).

Having said this, there are in fact quite a small amount of studies performed regarding the decision-making in top management teams. Previous studies of TMT's have focused on TMT composition, team tenure, its demographic characteristics and heterogeneity, and their effects on organizational performance (see i.e. Naranjo-Gil & Hartmann 2007, Smith et al 1994). As Hambrick and Mason (1984) note, even if the strategic processes in the context of TMT have been studied, they are typically viewed as flows of information and decisions, detached from the people involved. For example, the infamous upper echelon perspective of Hambrick & Mason (1984) suggests that organizational outcomes – strategic choices and performance – are partially predicted by upper-level management's background characteristics. In this study, top management team meetings are regarded as a scene for controller's involvement in decision-making. Since the focus of the study is on controllers' roles, no special attention is given to the demographic characteristics of the TMT members.

3.1.2 Managerial reality

In Mintzberg's (1973) study, the chief executives gave little attention to routine operating reports. According to Mintzberg (1973), the chief executive is certainly not a planner in the accepted sense of the term; the pressures of the job simply do not allow for reflection. Rather, the managers work in an environment of stimulus-response. Mintzberg (1980, 25) also noted that the top manager is encouraged by the realities of the job to make decisions abruptly and to avoid wasting time. The managers seemed to show strong preference to current, specific and well-defined activities that are non-routine by nature.

Mintzberg (1980, 25-29) describes the managers as driven to overwork, adapting to an unrelenting pace and fragmented work, as being abrupt, avoiding relaxed, reflective activities, and favoring verbal communication over reading reports. As a result, every pressure tells the manager to get it done quickly, not to probe, to avoid getting deeply involved. But these pressures of today's production may leave no time for tomorrow' changes. Thus, the managers often suffer from a "diary complex": what does not get scheduled does not get done. (ibid 25-29)

In fact, the activities in which top executives are engaged in might not actually reflect the desired activities at all. Executives might be trapped in the every-day decisions instead of giving thought for tomorrow's success factors or jammed in producing or reading reports when efforts should be assigned more to making analysis and connecting the data to the relevant decision-making situations. Also the main message in Mintzberg's (1973) paper reflects this phenomenon. The top managers have the information and the authority to make effective decisions, but they often lack the time and the concentration that complex issues require.

3.2 The challenges of decision-making

Often, the organization acts before it thinks. The cost of pausing to think may outweigh the benefits of planning and "rational" decision-making. Prompt actions, without the paralyzing analysis, may be needed (Vaivio 2007).

3.2.1 Paralysis by analysis vs. intuitive hunches

M: "You don't like me, Bond. You don't like my methods. You think I'm an accountant, a bean counter more interested in my numbers than your instincts..." James Bond: "The thought had occurred to me." (France,1995)

Many studies in decision-making have been conducted and the message is often the same: formal analysis can help organizations make better decisions. This frequently praised hypothesis is supported by a large number of studies in cognitive psychology. As Kahneman et al. (1982) showed, unaided human judgment is frequently flawed: people seem to be unduly influenced by recent or vivid events, consistently underestimate the role of luck and are often guilty of "wishful thinking".

Nevertheless, there is always the flip side of the coin, in form of the unending parades of studies and reports marching to the top management's desks and meetings. Consequently, the risk of retreating into abstractions or relaying obsessively on numbers and analyses is always present side by side with the produced reports. Thus, in their decision-making activities, managers need to balance on a fine line between ill-conceived, arbitrary decisions made without systematic analysis and reflection ("extinction by instinct") and an unhealthy obsession with numbers, analyses and reports ("paralysis by analysis") (Langley, 1995).

It is also important to look at the context in which decisions are made. Langley (1995) has studied the over- and underuse of formal analysis and its underlying motives. As she points out, both the individual cognitive styles, i.e. the ability for analytical or intuitive thinking and the more complex cultural issues relating to patterns of participation, power, opinions and leadership, affect the use of formal analysis in decision-making. For example, "paralysis by analysis" would often be associated with people who are naturally drawn to numbers, while the reverse would be associated with managers with intuitive cognitive styles (ibid). Usually, controllers seem to stereotypically drop into the category of number-crunchers, whereas managers holding notable amounts of operative tacit knowledge could be situated into the more intuitive side.

Even though formal analysis is a purely technical activity, the factors simulating its use (or non-use) are very often political or interpersonal. Langley (1995) categorizes the purposes of analysis in four different ways. These include the following:

1) Information: "I want some information to base decisions around here"
2) Communication: "I prepared the report because I knew we had to justify the project"
3) Direction and control: "They have to meet their objectives" and
4) Symbolism: "It gives the impressions we're concerned".

Although analysis may be a means for symbolizing rationality, concern, and willingness to act, nonetheless almost all formal analysis can be considered potentially useful. It helps to improve decisions indirectly by ensuring that ideas are thoroughly debated and probed, so that possible weaknesses of the proposals can be detected before implementation.

3.2.2 Optimism vs. realism: the inside and outside views

But is objectivity merely a question of personality or profession? And is the balance between objectivity and subjectivity more often found through division of roles, when optimists and realists compensate each other? And at the end of the day, which one wins?

In their article, Lovallo and Kahneman (2003) state that optimism often undermines executives' decisions. As a result, managers pursue initiatives which are unlikely to come in on budget or on time - or to ever deliver the expected returns. Often studies which compare the actual outcomes of capital investment projects, mergers and acquisitions, or market entries with managers' original expectations for those ventures, show a strong tendency toward over-optimism. The optimism is further increased by both organizational pressures and cognitive biases, i.e. the errors in the way the mind processes information. Typical examples of these biases are anchoring to initial attractive proposals and neglecting the effect of competitors influencing the outcome (ibid.).

When executives and their subordinates make forecasts about a project, they typically have, as a starting point, a preliminary plan drawn up by the person or team proposing the initiative. They adjust this original plan based on market research, financial analysis, or their own professional judgment before arriving at decisions about whether and how to proceed.

As Lovallo and Kahneman (2003) point out, these proposals are usually designed to promote the potential project, skewing the subsequent analysis towards over-optimism. Such forecasts rarely account for the fact that many other competitors will also target the market, convinced that they, too, have what it takes to succeed. In these cases, the natural way to think about the complex projects is to focus on the project itself: to bring to bear all one knows about it, paying special attention to its unique or unusual features. The thought of going out and gathering statistics about related cases seldom enters a planner's mind (ibid).

Also other organizational practices encourage optimism. Senior executives tend, for instance, to stress the importance of stretch goals for their business units. Although this can have the salutary effect of increasing motivation, it can also lead unit managers to further skew their forecasts toward unrealistically rosy outcomes. Companies have to promote optimism to keep employees motivated and focused. At the same time, though, they have to generate realistic forecasts. There needs to be a balance between optimism and realism, between goals and forecasts (Lovallo and Kahneman 2003).

The ideal, according to Lovallo and Kahneman (2003), is to draw a clear distinction between those functions and positions which involve or support decision-making and those which promote or guide action. The former should be instilled with a realistic outlook, while the latter will often benefit from a sense of optimism. As an example of the realistic support function that should temper the views of over-optimistic managers, they mention – quite unsurprisingly - the accountants. Thus, controllers should challenge the assumptions and bring in alternative perspectives to decision-making situations with the help of their "outside view".

However, this solution does not take into account that in the top management team, the controllers are also potentially making the decisions. Is it really possible to stay realistic and keep the "outside" view in this situation? Is the solution really this simple?

Lovallo and Kahneman (2003) argue that since the outside view bypasses cognitive and organizational biases, it is much more likely to yield a realistic estimate. Making a forecast using the outside view requires the planners to identify a reference class of analogous past initiatives, determine the distribution of outcomes for those initiatives, and place the project at hand at an appropriate point along that distribution. However, this will take time that managers more often than not do not have, and challenge the efficiency of decision-making.

As Mintzberg (1980, 28) acknowledged, managers can improve the quality of the decisions significantly by getting the unbiased opinion of someone who has the time, skill and inclination for broad, basic analysis. As one solution to the problem, Mintzberg (1973) presents the use of a "management scientist", a planner who has the time to concentrate on analysis, but lacks the authority and the information.

As Mintzberg (1980, 155) notes, the manager, who has the information, lacks the time to focus intensively on complex issues. The planner, who has the time and skill to do the systematic analysis, lacks the required information. Tackling this "planning dilemma" thus requires a concerted effort from both parties. The senior manager will have to help this "management scientist" to understand his work and his problems; he or she will have to make more room in the decision-making processes for inputs from systematic, comprehensive investigation, and most importantly, he or she will have to transmit the crucial, verbal information to this analyst (Mintzberg 1973). However, this again raises the question of objectivity. How can this analyst be the objective outsider, if he is "inside the managers' head"? And now, 35 years later, who has all this time? As Langley (1995) concludes, achieving both rationality and efficiency in decision-making is far from easy.

3.2.3 The relation of decisions and action

Organizations usually have two problems in relating to action: to find out what to do and to do it. However, getting the right things done is not as unproblematic as it may seem. As Brunsson (1982) states, many decisions are based on biased information about a biased set of two alternatives, or sometimes only one. According to Brunsson (1982), the main problem for organizations is not making choices, but taking the organized actions. The decision-making form a basis for action, and should thus be adapted to the purpose of action.

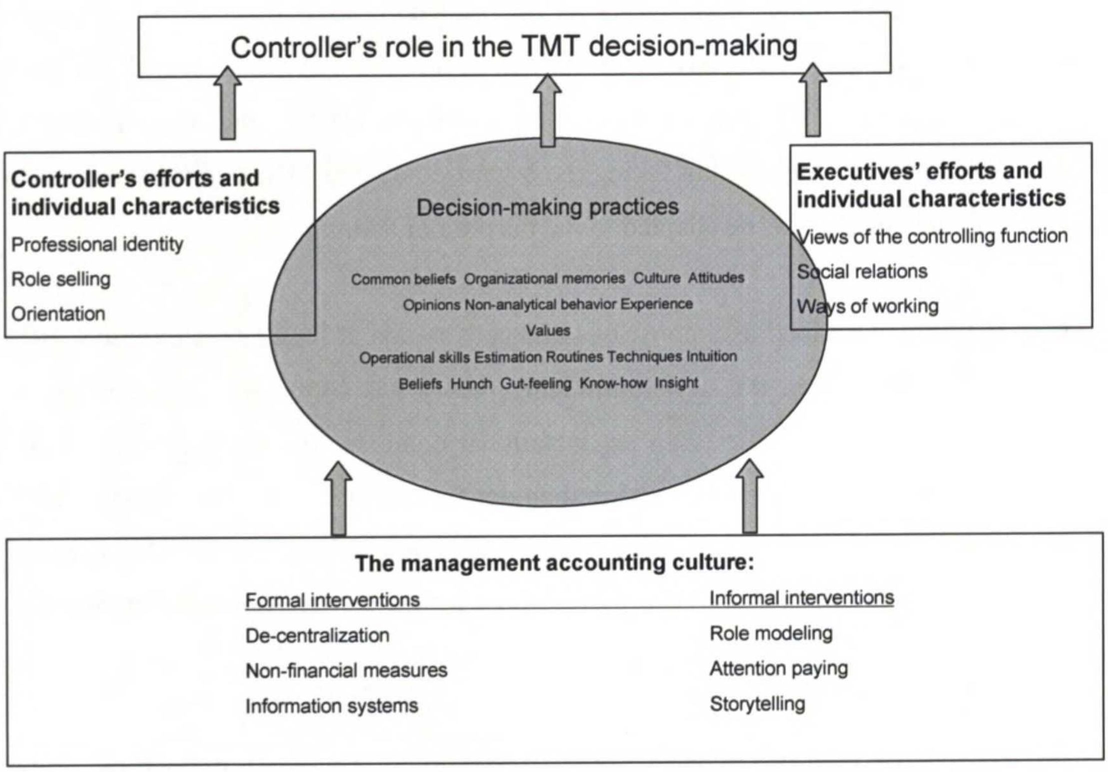
A decision is normally described as a conscious choice between at least two alternative actions. As Brunsson (1982) highlights, the decision-making theory has commonly been derived from studies of individual behavior rather than organizational contexts. However, an individual has less difficulty in going from decisions to action than does an organization. This decision-making perspective has been elaborated in normative research which describes how decisions should be made. Strong efforts have been made to prescribe how a best choice should be made, given a specific problem, specific alternatives and specific information (ibid).

However, a decision is not an end product itself. The action perspective, presented by Brunsson (1982), highlights that there exist both decisions without actions and actions without decisions. Also, decisions demonstrate motivation to take action, and it expresses the decision-makers' commitments to specific actions. By making a decision, decision-makers accept responsibility for both getting the actions carried out and the appropriateness of those actions. Also, commitment and motivation create internal pressures for action. This is true for wait-and-see situations, where people think it may be possible to take no action: the one proposed decision can be rejected without having to accept another at the same time (ibid).

3.3 Summary of literature review

Figure 4, presented below, summarizes the previously presented concepts and their interrelations according to relevant literature. This framework forms a basis for the empirical study. It should be noted that although previous research of role theory might apply here, the framework is more suggestive by nature.

Figure 4: The theoretical lenses for empirical enquiry



As figure 4 suggests, accounting culture might be one determinant of the roles controllers have in the top management team decision-making, through the perceptions controllers have of their role as well as how other managers of the top management team see the role. As the role is defined through social processes, also the other executives' view will be taken into account in the empirical part of the study.

4 METHODOLOGY

This chapter focuses on the research methodology, preparing the ground for the empirical results. First, the choice of the research method and methodology are explained. Second, some reservations concerning the reliability and validity of the study, as well as the preparations against these threats are presented. Third, the realization of the study is described so that the reader could form a picture of it and assess the empirical findings. Fourth, a short description of the case company and the interviewees is given.

4.1 Choice of research method

Alvesson and Kärreman (2007) stress the need for emergent, empirically varied and rich studies that are open to the views of research subjects, allowing them to express unconstrained voices in the research. They encourage the researcher to a willingness to be surprised in research and thus aim to formulate an alternative to the dominating view of research as a mainly rational process of planning, execution and analysis, based on the maximization of researcher objectivity (see also Ahrens 2008, Ahrens & Dent 1998, Astley 1985).

The objective of this study is to deepen our understanding about what happens behind closed doors, and to "engage with the field, to learn what cannot yet be found in the library" (Ahrens & Dent 1998) i.e. understand management accounting in practice. Therefore, a qualitative research approach, emphasizing the richness of the database, seemed appropriate. As small samples typically permit closer engagement with the field than large samples, the one-sample case study method was chosen. The study is thus grounded in a very particular organizational context, aiming to present data in sufficient depth (Ahrens & Dent 1998). The unit of the study could be a single company or even a country (Scapens 1990). Here, the subject of study is a strategic business unit.

The focus of the study is on understanding the role of the controller in the TMT decision-making of the case organization in depth. A very rich database was therefore developed; the use of multiple data sources provided some assurance that a complete and accurate picture of the issue was obtained. Heavy reference is placed on field material, in terms of observations and quotations, to illustrate the realities in the field. The following attributes of field studies thus describe well the study at hand: (Ferreira & Merchant 1992)

- the researcher has direct, in-depth contact with the organizational participant and interview and observation data provide the primary source of research data
- the study focuses on real tasks or processes
- the research design is not totally structured and evolves along with the field observations
- the research data is presented using rich and detailed descriptions of the company context and practices

Also, case studies involve the researcher for longer periods in the field. Generally, the longer the researcher spends in the studied context, the less vulnerable the study is to factors that jeopardize its reliability and validity (Vaivio 2007). However, Vaivio (2007) also warns about the threat of "going native". The researcher should thus maintain an appropriate distance from the studied context.

Based on the nature of the study, and on the before-mentioned suggestions of Alvesson and Kärreman (2007), the ethnographic methodology was chosen. The empirical material was gathered using the ethnographic fieldwork methods, although the length of time spent in the field and the intensity of the study do not entirely fulfill the criteria of traditional ethnography. Loosely defined, ethnography can be understood as a qualitative method which is based on both interviews and observations, and which aims to understand and describe the phenomenon under study. (Hammersley 1990, 6-15)

According to Hammersley (1990, 7-8), ethnography is based on assumptions of naturalism[5] and discovery. Ethnographic studies are carried out in their natural settings, because social events and processes are explained in relation to the context in which they occur. At the same time, the researcher uses techniques designed to ensure their findings are not idiosyncratic, for example by comparing data from different sources, a technique known as triangulation.

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[5] According to naturalism the aim of social research is to capture the character of naturally occurring human behavior, without the inferences of artificial settings such as interviews or experiments.

Another feature of ethnographic studies is their inductive nature. The basis for the study is often a general interest in a phenomenon, theoretical issue or practical problem. One should preferably begin research with minimal assumptions or hypotheses, sharpening the focus as the study proceeds. Thereby, the true nature of the phenomenon can be discovered. Furthermore, ethnographers are often not concerned with producing theoretical generalization (Hammersley 1990, 7-10). The results of ethnographic studies do not usually aim at theory development, but at broadening understanding and awaking discussion and new thoughts.

According to Van Maanen (1988), ethnography is a written representation of a culture. Culture is not itself visible, but is made visible through representations. The researcher must display culture in a narrative, a written report of the fieldwork experiences. However, the written report must represent the culture, not the fieldwork itself (Van Maanen 1988, 1-4).

The most common way of writing ethnography is in form of realist tales. These tales provide a rather direct, matter-of-fact portrait of the studied culture. Other ways of writing include confessional tales, focusing more on the fieldworker than on the culture studies, and impressionist tales, whose aim is to capture personalized accounts of fieldwork, cast in dramatic form (Van Maanen 1988, 7). In this study, the empirical evidence is reported in form of realist tales, without mixing the researcher's own views and experiences to the narrative. However, it is worth noting that the realist tales are also characterized by interpretive omnipotence, meaning the researcher has the final word on how the culture is presented and interpreted (Van Maanen 1988, 45-54).

4.2 Issues of reliability and validity

Case studies have often been criticized for producing results that are not generalizable. Also the study at hand does suffer from the familiar and somewhat inevitable limitations usually associated with this kind of qualitative research. One of these limitations is related to the small sample size: caution is required in generalizing the results.

However, as Scapens (1990) notes, in the case method, the theories are used to explain observations and are thus interested in theoretical instead of statistical generalizations. The value of rich studies lies in a way of presenting field material which brings theory into life through grounded examples (Ahrens & Dent 1998). The quality of field studies is enhanced by lively and convincing descriptions of the research subject, and by providing enough evidence to the reader on the research design and process. Especially the use of direct quotations leaves room for the readers' own interpretations (Ferreira & Merchant 1992, Hirsjärvi & Hurme 2000, 214-215).

The second limitation is perhaps more serious: data analysis relies greatly on the perceptions of the researcher. The researcher enters the site with personal theories and beliefs and these will inevitably influence the research process. The researcher's background, values, presuppositions and world views are all reflected in the observations, creating observational or interpretational biases. However, as these differ among researchers, a case study is also able to generate a variety of alternative perspectives and as the readers impose different meanings and interpretations upon empirical findings (Astley 1985, Alvesson & Kärreman 2007).

In addition to the observer bias, also other pitfalls exist which may threaten the reliability and validity of field research. Reliability is concerned with whether the researcher can rely on the gathered data and relates to the consistency of observations. Validity, on the other hand, is concerned with the design and conduct of the study; whether the researcher is really studying the phenomenon he or she claims to be studying. (Grönfors 1982, 173-178). According to McKinnon (1988), threats to validity include the possibility of the researcher's presence disturbing the setting, restricted access to data, or complexities and limitations of the human mind; subjects may consciously or unconsciously mislead the researcher, by telling the "favorable truth" or just simply forgetting important facts.

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consciously or unconsciously mislead the researcher, by telling the "favorable truth" or just simply forgetting important facts.

McKinnon (1988) presents a series of strategies and tactics to counter threats to validity and reliability in field research. For example, commitment to a lengthy period of observation and interaction with people in the setting provides a powerful counter to both the threats of reliability and validity for several reasons. First, it reduces the temptations to seek interpretation and meaning immediately after entering the site and enables the researcher to become genuinely receptive to what is going on in the field. Additionally, the longer the researcher is in the field, the more he or she is exposed to and forced to confront, statements that may be contrary to the researcher's presumptions and expectations. Also, during lengthy periods of time, the normal behavior of the research subjects must come through and the less likely they are to distort the research.

In this study, some measures were taken in an attempt to alleviate the problem of observational biases. First, the reader is exposed directly to the flavor of the raw data by examples and by using quotations from interviews to illustrate the key points. Also, open-mindedness and careful interpretation of data were used to improve the quality of the study. Other strategies used to counter these threats include the substantial length of time (one year, in monthly 2-week periods) in the field and triangulation, which was used to assess the validity of empirical material. The multiple sources of evidence used include interviews and observations.

4.3 Realization of the study

Participant observation of top management team meetings together with interviews formed the most important sources of information concerning the purposes of formal analysis. Primary data sources were participant observations in the top management team meetings, as well as more informal observation during the one-year period spent in the case company. The researcher was present at five top management team meetings and was thus able to directly observe the decision-making situations. In addition, ten semi-structured interviews were carried out with top management team members consisting of controllers and senior management. The awareness of multiple theoretical frames helped to keep alive competing interpretations of organizational action.

4.3.1 Participant observations

Participant observation is not a very commonly used method of data gathering in master's theses, especially not in the Helsinki School of Economics. One logical reason for this could be the time-consuming nature of making observations; normally the observation studies are carried out during several years. Notwithstanding this, observations are often used in research when studying cultures, because they give direct information on how people act and react in different situations, whereas during interviews, the interviewees might tell about how the organizations should work, instead of describing the organizational reality.

The role and participation of the researcher varies depending on the research subject. In this study, participant observation was used in form of limited interaction. The researcher was present in five top management team meetings, observing the events and activities. The meetings were observed during the four-month period of January to April 2008. The average duration of TMT meetings was a little over two hours. The total time the researcher spent observing the top management team meetings was 11.5 hours. The participation in each meeting was confirmed beforehand with the chairmen of the top management teams. The researcher did not plan beforehand an observation schedule. The decision of ending the observations was formed little by little, as the observations began to saturate and the picture of the context began to form.

In the top management team meetings, observations were collected by taking notes, since the use of a recording device would have disrupted the setting. The researcher took notes on conversations, activities and characteristics of the settings to provide a true record of the data. The observation plan is presented in Appendix 3. During each meeting, field notes were taken and then reviewed and typed shortly thereafter to construct a description of the events. In the first meeting, the researcher was introduced as a thesis writer who would follow the discussions. The independent nature of the study was explained to the interviewees, to avoid any perception that the researcher is acting as a "management spy" or consultant. Since the researcher was involved with the company also as external workforce for one year, it might well be assumed that the presence of the researcher did not cause the participants to change their behavior and conversations dramatically.

4.3.2 Interviews

Interviews are often used when studying culture to complement the observations. By "testing" the observational data against the interview data, the researcher is able to detect, and therefore compensate for his or her own interpretational and perception biases. (McKinnon 1988) Also in the study at hand, observations were accompanied by interviews.

The interviewees were selected carefully to provide a comprehensive set of data and a variety of perspectives. At the early stage, categories of people were identified during the meetings. The interviewees were selected so that they could provide both a comprehensive picture of the phenomenon under examination and a variety of perspectives on it. These included people with different positions and capabilities and also respondents who can be categorized being in "dual capacities", e.g. individuals being members of several top management teams. Also "newcomers" to the setting were included among the interviewees to uncover insights into the social customs and practices that are more visible to them than to the "old hands". The respondent interviews started after two TMT meetings were observed.

The ten in-depth, semi-structured interviews were conducted between March and April 2008. The interviewees included two business controllers, two heads of operations and six business managers, including one former member of the management team. The interviews were loosely structured to allow respondents to answer in their own words. Before the interviews, the ground for data collection was carefully prepared and some preventive actions were taken to minimize respondent bias. The interview topics and the estimated duration of the interviews were sent beforehand to all interviewees as well as some basic information concerning the study. Although there is no ideal number of interviews, according to Eisenhardt (1989), four to ten is usually an adequate amount. Thus, the amount of interviews can be considered sufficient.

All interviews were tape-recorded, but the possibility not to be taped was presented in the beginning of each interview. The interview situation was kept confidential and the names and certain other details have been disguised to protect anonymity of the interviewees. All interviews were transcribed as soon as possible after each interview. (For interview questions and duration, see Appendixes 1 and 2). Also, quotations have been translated from the original Finnish to English.

The interviews were aimed to be as relaxed and conversational as possible, which probably deepened the interviews. Interviewees were encouraged to speak freely, as it were "off the record", notwithstanding that the researcher was taking notes and openly tape-recording the conversation. The background of the interviewees was asked as the first question of each interview to break the ice and to address topics relevant to the person (Vaivio 2007). Probing questions were used to understand the full implications of what was being said.

The tape-recorder also made it possible to concentrate on the interviewee, which helped guiding the conversation to fruitful areas of discussion. During the last interviews, the researcher aimed to probe whether the themes identified in the previous interviews came up and also whether new themes arose. Since the last interviews did not generate new viewpoints, the amount of interviews can be considered sufficient. In the analysis of the interview material, possible patterns were sought. Following a strategy of reiteration, the empirical data and broad literature base were reviewed, seeking for important themes.

4.4 Introduction of the case company and interviewees

The case company was chosen mainly because of the available access of the researcher into said company. The case company (hereafter the Company) is an ICT company and is listed in the Nordic exchange. The Company offers solutions that improve customers' everyday life, making communication easier and more efficient. The main business units serve private and corporate customers. The organization is built in a matrix form, including also production and support functions (finance and controlling, marketing and administration). The organizational structure has been simplified largely over the last decade.

According to its recruiting pages, the Company encourages its employees to constant renewal and emphasizes innovation and learning. The starting point is that the company and its personnel are never fully trained. According to the company web pages this signifies, for example, that knowledge is utilized in interaction and the organization is renewed constantly. The Company has adopted a new business model recently, and the employer/employee negotiations related to the new model have been completed. Therefore, during the observation period, the organization was in a turbulent state which might have affected also the controllers' organizational position.

The business unit under study serves mostly corporate customers, and consists of three different kinds of operations, each having its own top management team and functioning quite independently. The heterogeneity of the units forms a challenge, since there are numerous processes to control. As one of the solution offering's TMT members stated, they have "several companies inside one company", one member even depicted the situation as "chaotic". This challenge has been acknowledged also in the senior management, resulting in the new business model.

In this study, the three main business units are referred to as Solution Offering, (SO), Service Platforms (SP) and sales. Solution Offering is responsible for 'pushing solutions to the markets'; it holds the deepest technological understanding of the offered solutions and is responsible for the profitability of these solutions. Service Platforms is evaluated based on more operational measures, including utilization rate as well as efficiency measures. The Sales function is guided by sales revenue and is responsible also for spreading information about market conditions inside the organization. Since the Solution Offering's and Service Platforms' top management teams functioned most actively, these two top management teams were chosen as research subjects.

Interviewees were selected from both SP and SO top management teams, including the controllers of both units. Most of the interviewees held a master's degree in either engineering or economics, although the majority had a technical background. However, both heads of operations as well as the controllers were alumnae of Helsinki School of Economics. The respondents working experiences in the case company varied between 6 months – 9 years.

5 EMPIRICAL JOURNEY TO CONTROLLERS' ROLES IN THE TMT DECISION-MAKING

This chapter presents the empirical findings according to the structure of the literature review. First, the accounting culture is illustrated according to Järvenpää's (2007) framework discussed in 2.1.2. Second, controllers' roles are depicted in the special context of top management team decision-making and some issues are presented concerning the clarity of those roles. Third, some specific decision-making situations are described to complement the picture. The last section summarizes the empirical findings.

5.1 Depicting the accounting culture

First of all, the controller's operational environment is described in order to form a picture of the realities behind the accounting culture and to guide the reader inside the scene. According to the categorization of Järvenpää (2007), the accounting culture is divided into formal and informal arrangements. Next, these building blocks of the accounting culture are illustrated.

5.1.1 Formal arrangements

The (de)centralized controller function

> "Come on, we need to hurry". The SO controller makes the final adjustments to the monthly reporting package and grabs her computer. "We will be busy the next two hours", she informs the others. We advance through the open plan office, speed past the flat screens feeding market information and news flashes, couple of salesmen at the coffee machine, some project rooms with walls filled with post-its. We walk past some quiet office spaces which are designed for those who are not to be disturbed. Every once in a while along the way we see advertisements with content-looking people; these smiling faces remind how the company benefits the customers and makes their everyday life much easier.

We are on our way to the top management team meeting, and the walk to the other side of the building takes a while. The business unit's controllers sit in the highest floor of the head office, together with administration and sales people of the corporate customer unit. The entire organization (excluding the glass-wall room of the CEO), sits on an open-plan office. The whole organization also seems to be in a non-paper mode: the wandering eye does not catch any piles of papers, since all the needed information can be found on the actively updated intranet, which serves as the main information channel in the company.

The office is a mobile one, although the controllers, as well the administration people of the business unit have fixed work stations, and can thus be easily found when needed, enabling also face-to-face contact and internal knowledge sharing among them. The "controller corner" includes the business controllers of sales, Solution Offering and Service Platforms, as well as the senior controller, who is the superior of all controllers in this unit. The business units' controllers are included in the matrix organization. They are also included in the operational organization charts with a dotted line. (See Appendix 4: the organization chart of the SO top management team). However, even though the controllers are "de-centralized" in the way that the controllers sit together with the other corporate customer people, they still sit together independent of where the units they serve are located:

> As a matter of fact... Now that I came to think of it: actually, all the controllers sit in that one corner. But the controller should work side by side with the operations. It's not like I'm trying to relocate their workplaces or anything, but... (Head of operations 1)

When we pass by the assistants' work space, the controller reaches to a nearby bowl atop of a divider and offers me a candy with the company's logo. We walk past the reception lobby with some comfortable looking beige sofas and a few minutes before noon, we reach the meeting room. Right on time, says the controller and sits down on one of the office chairs which are spread around the u-shaped table, allowing all eyes to be easily turned towards the screen.

<u>The system environment</u>

When looking around in the meeting room, it can be noted that there has definitely been a change compared to the first two meetings which were held in a smaller meeting room with a larger number of participants. After the organizational restructuring, also the top management team was rebuilt. Every other meeting, only the business managers are present; every other time, more people are involved in the "performance" meetings. Now only the top management team is here and the spacious room has more than enough room for the seven top executives and the secretary. The tables are made of oak veneer with integrated power outlets and all the seats are equipped with comfortable and ergonomic office chairs. The soft wall-to-wall carpet and some stylish pictures in the walls complete the professional scene. Not long after the meeting has started, the first problem concerning the system environment arises.

> The data of operational measures comes from zillion different sources... Now we have to work the preliminary data a lot to see the current situation. (Business manager 1 in the 30.1.2008 SO meeting, while discussing performance measures)

For historical reasons, there are a myriad of information systems feeding financial information to SAP, in addition to the numerous operational systems. Therefore, the system environment is quite complicated although the ERP system facilitates the gathering of information. In addition to these, the controllers have a separate reporting portal, which gathers all information into a database, which then feeds prompt reports as well as enables the customization of reports with different financial figures and key performance drivers. The controllers are responsible for training the managers to use the new reporting portal. Also some expectations regarding the systems knowledge of controller surfaced during the interviews:

> In a scale from 1 to 10, it (the IT skills) would be 11. We are accountable for the system interfaces. Understanding the logic of the system and most importantly knowing the data warehouse... You just have to understand it. (Controller 2)

> "Somehow I take it for granted that they have this basic systems knowledge. Maybe I assume too much there too…" (Head of operations 1)

The new reporting portal has been in use for a half a year, and the next step is the implementation to the business manager level, which will gain access to their own figures and prompt reports. At the moment, the senior management can access the figures only with the help of controllers or via a separate PowerPoint report.

> Not only that it brings the information closer to business managers, but it will certainly help this communication and data processing between controller and business managers. (Business manager 1)

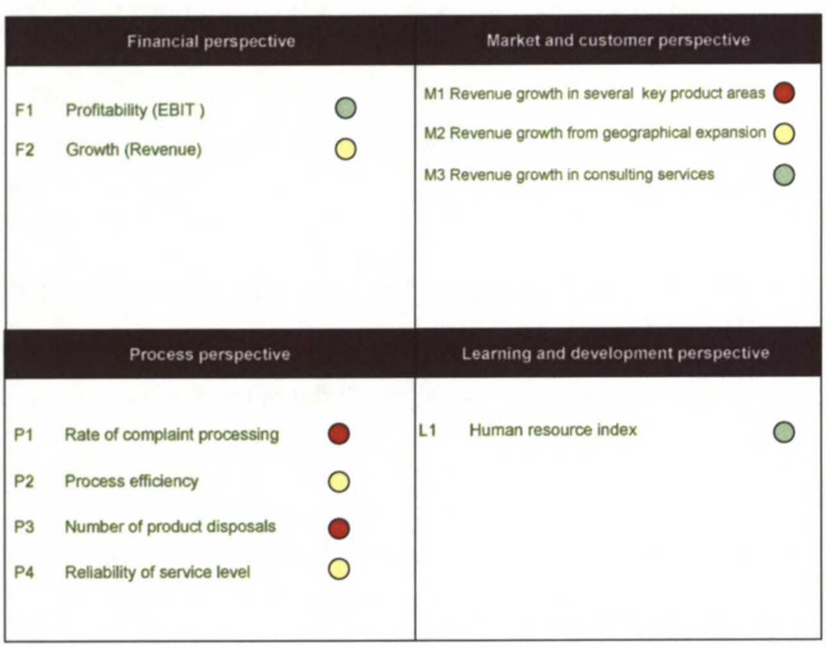
Another issue is, whether they want to go and see the reports in the system by themselves. There's always the risk that they don't look at the figures at all. Although, all that they go and see from the reports is an improvement compared to the present situation. (Controller 1)

The controller can be utilized so much more than just for making PowerPoint slides so that (s)he transfers data from excel sheet to PowerPoint slides and then we have this user-friendly report and then some added comments. That is not the kind of thing that... In my opinion, your time goes to the wrong things if you do that. All the time that is consumed to draw up those reports, could go to more essential issues. (Head of operations 1)

The scorecard and non-financial measurement

The company uses a scorecard, which signalizes the main areas of attention and the company's strategy. Also the top management team's compensation is tied to achieving the scorecard targets. The controllers are responsible for the development and the monthly data collection related to the scorecard. As Figure 5 shows, the scorecard consists of four different perspectives: financial perspective, market and customer perspective, process perspective and the learning and development perspective, according to the idea of the Balanced Scorecard. (See e.g. Kaplan & Norton 1992 and 1993)

Figure 5: The Scorecard of the ICT Company



The company has also started to develop a range of more operational measures[6], a set of leading indicators which should directly affect and explain the scorecard measures. The controller is responsible for developing these measures. At the meeting, the non-financial measures attracted some debate. The issue of their interpretational character was underlined, and more clarity was sought in terms of what these measures really point at. Furthermore, as the measures themselves are characterized by their interpretive nature, the need to clarify the objectives of the measures was raised.

> For example, this process measure: a more efficient process should lead to more satisfied customers and thus lower rate of complaints. But in fact, it tells nothing about whether the superior efficiency rate actually leads to a larger number of deliveries going through or whether it leads to idle time. However, this is one of the key measures in our scorecard! (Business manager 2 in the 30.1.2008 SO meeting, while discussing performance measures)

> Right now the measures are not that explicit; they do leave room for interpretation. I don't now if they have ever been (that clear). They should be opened more, in terms of what they mean and what are we in fact really measuring here. (Controller 1)

Even though the scorecard was considered central in the company level, guiding attention and making "all feet point at the same direction", it was not actively used in the Solution Offering top management team meetings. Since Service Platforms were evaluated more based on operational measures, they also utilized the scorecard more actively.

> That scorecard hasn't been that much presented there (in the TMT). The 15 minutes of finance has been all but the scorecard, mainly we look at the changes in revenue in that time. (Controller 1)

> So yes, it strongly guides the attention around here. Part of your salary is directly tied into the revenue of your own area of responsibility. That surely explains why they nowadays ask more about where their revenues are really going, like "it doesn't show in my area, but it belongs here." So the scorecard is more accentuated around here, on the whole, but I don't mean that I have experienced it as that central in the top management team. I guess that if you ask the others, they'll tell you that it is vital and specifically guides where the efforts are concentrated at the moment. (Controller 1)

[6] Hereafter, also named "dashboard"

Even when the scorecard was presented in the meetings, it normally did not generate any action points, although the traffic-lights indicated results deviating from the set targets. However, the need for action was recognized when the measures showed inferior results. Also some issues of shared accountability regarding the scorecard measures arose during the interviews.

> We have not had a kind of crisis meeting, if some of the measures are on red. For example we have these complaints, which are on the scorecard. And now the question is what kind of role we (SO) have on it; not pondered! But certainly if we think why these complaints arise, what affects them, I assure you that we have a remarkable chance of contributing beforehand so that there would not be need for complaints, in terms of our products and own areas of accountability. (Business manager 4)

5.1.2 Informal arrangements

<u>Management role modeling</u>

The head of the corporate customer unit, Bob, has recently launched the idea of "leading with numbers" and actively promotes it to the employees of the corporate customer unit. According to this idea, instead of relying on hunches, the decisions should be based more on calculations and objective data. Nowadays, however, the controllers and the operations do not even seem to speak the same language in terms of the presented figures.

> Well yes, we do try to lead with the numbers, and the background for that is simply that the numbers are more objective. This "I feel" -type of analysis, at least as an only way of monitoring, is not enough. That's why we have launched this "dashboard"[7], and overall we aim to act upon the numbers. But where this all started, I think it was probably our business unit head Bob, who brought this up and of course we all thought it was a great idea. (Head of operations 2)

> I have tried to own those numbers, so that I could actually tap into them. But I must admit that our current reporting differs quite a lot from our operations. For example, our products have totally different names, a quite simple thing… They are grouped and named differently than the products we actually sell. (Head of operations 1)

[7] The set of more operational measures, the leading indicators for the scorecard.

When asked what kind of factors truly affected the expectations of the TMT members and the actual role of controllers in the TMT decision-making, the managers stressed the importance of the operational environment. The complexity of the environment was seen as one central factor shaping the controller's roles, placing challenges on these roles in top management team decision-making. In addition, the managers admitted they too influenced the controllers' role in the top management team, in form of role modeling, leadership style and commitment.

> Hmm… The complexity of operations certainly has an effect on how the role is shaped. This "one size fits all" approach doesn't necessarily apply in here. It is quite different to be a controller in some clear-cut wholesale trade or suchlike and in our type of business, where the operations are after all very dynamic and quite complex, consisting of many different building blocks. This is clearly one thing affecting the role and also the demands placed on it. (Head of operations 1)

> And of course the commitment of managers to that role and management's role modeling. In the long-term, the leadership system defines quite much the role. For example the thing which we have been lobbying really strongly, or what Bob speaks about all the time, this leading with numbers. If the controller only draws up reports, you know, simply produces the figures regularly, then the leadership style is different, then the figures just appear and we just have to live with them. But if we turn this upside down, in other words, prioritize this leading with numbers. Then every single member of the TMT should work closely with the business controller. (Head of operations 1)

In spite of highlighting the importance of controllers when leading with numbers, it was also acknowledged that the top management team was not yet implementing the idea in concrete actions. Also the members of the management team noticed their own role in hindering this "leading with numbers".

> The approach that we go through the figures beforehand, and then focus on the deviations and the actions; that is a good idea. But it hasn't been fulfilled yet to concrete action, like applied into practice yet. (Business manager 6)

> Leading with numbers, it is kind of… Well, ok, it should be easy, but we somehow have not made it that easy, like I said. Every month, we look at the numbers, but we don't sharply state which actions we should take. We don't share the responsibility and we don't hold persons responsible for the actions required during the month. When we have defined the needed actions, we should follow up on

> them, to what results did they lead into? And we don't do that. And we should do that. (Business manager 4)

Nowadays, the responsibility of going through the numbers with the business managers rests heavily on controllers' shoulders, instead of sharing that responsibility with the business managers. However, it was noted that if the company really led with numbers, it would also create pressures on the controllers' role enlargement in the top management team and guiding managers' attention to the central areas.

> When the results are ready, if we would genuinely lead with numbers, people should go through them independently, so that a separate meeting for it wasn't needed. Then they could just simply ask for explanations from the controller, and if that would be the situation, the controllers should be side by side with us. But now we have these meetings, so that the process is organized and efficient. (Head of operations 1)

> The more the figures act as basis for decisions, the more important is the controllers' role there. And of course, the more complex those systems producing the figures are, the more difficult it is to understand those numbers, and the more significant is that role. (Business manager 3)

<u>Attention paying</u>

The meetings are scheduled every other week, so the top management team meets regularly and often. The number of meetings has been recently reduced; before the meetings were held once a week. The meetings last approximately 2 hours, and performance figures are discussed once a month. The controller nevertheless takes part in every meeting. In both TMT's, meetings were flavored with lively discussions, mostly concerning operational issues. Both TMT's seemed also to be determined to make decisions regarding the questions raised concerning these operative issues.

Service Platforms unit differs from the Solution Offering unit mostly because it is not directly accountable for sales. The more operative measures, in form of the dashboard and scorecard, guide the attention also in the TMT meetings. In one of the observed meetings, however, the

TMT exceptionally went through the sales forecasts and related actions. The operational measures, in form of the dashboard, are gone through in every meeting.

> We are not a sales unit. Sales are not primarily our responsibility, so in that sense we don't… Today we made an exception and did go through the sales figures in detail and we had a set of actions prepared, but usually we go through this dashboard: what are the most important quality measures, the lead times and so forth. There are also efficiency measures and cost measures... That is the way we go through the results. Our controller is responsible for the validity of the measures, but that performance report does not play a big role in our meetings. (Head of operations 2)

Solution Offering's operations responsibilities include pushing new solutions to the market, developing the product portfolio and supporting sales. As a result, the SO managers hold the deepest technological understanding of the offered services, which was visible also in the TMT discussions, where technological jargon was actively used. As the controller commented, "you have seen nothing yet. Wait until they get really excited!" Nevertheless, although the operational issues are the main concern of the TMT, the financial implications were highlighted in the discussions, especially by the head of operations, who actually has her background in finance.

> You cannot avoid it. (Sigh). That is one thing you have to live with. Sometimes I look at the controller when we go through some issues… You have no options; you just have to live in that world. It's easy to say that supporting the business in SO, since there are so many engineers, let's not do that. But you just have to do it. (Head of operations 1)

Since SO is accountable for sales and the profitability of operations, the financial figures were reviewed in more detail than in the SP meetings. For that purpose, a PowerPoint presentation consisting of 40 slides is prepared each month. First, the scorecard is presented, followed by the revenue slides, first by product lines, then by areas of responsibility, then by product groups, all compared to the latest estimates and the budget, with some added comments regarding the causes for variances and depictive graphs displaying the trends. The last slides are concentrated on the cost side and also some market information coming from the sales force is presented. Normally, the controller begins by telling how the changes in latest estimates were divided by area of responsibility.

You cannot rapid-fire those 40 slides in fifteen minutes, that just doesn't make any sense. My part has been to present those slides and then the comments I know at the time. At that point, hardly ever has someone else had something to add. If the controller has not given the explanation, there are usually no clarifications coming from the other direction (operations) either. Mostly the issues are left open and then we start to wonder about them afterwards. (Controller 1)

As the interviews indicate, managers were quite passive in terms of the controller-led performance evaluation in the top management team. As one of the controllers pointed out, the overall performance picture and decision should not be based on only numbers, without the support from the operations. Also, the passivity of the business managers was interpreted as signal of the importance placed on financial figures. Thus, the management role modeling can also have negative effects on the roles.

The expectations are probably that the controller reacts quickly and highlights clearly the main reasons for each deviation. But it is quite difficult to find explanations by looking only at the financial figures, and the comments don't necessarily come from that direction (operations) either... So there should be some measures besides the revenue that explain the figures, otherwise we can only state that well, here are the numbers. (Controller 1)

The thing I said to my superior in the beginning was that I felt the financial figures really didn't matter that much there. Of course they are important when working in the top management team, but then it came up that no one really used that PowerPoint report. And if we didn't keep up with the meeting schedule, I was told: "You have 5 minutes; give a brief summary of the highlights". But now at least we have reserved the time to go through the numbers, which is a quite positive thing. (Controller 1)

Previously there was no special time reserved for the controller. Some remedial actions were taken at the beginning of the year, when the new head of operations started. First of all, the meetings were aligned with the corporate customer unit TMT meetings. Also, the 15 minutes of finance were placed in the performance meetings where the extended management team is present. Although controllers have a specific time to go through the results, not always does this lead to concrete action points and decisions based on the financial figures. Rather, the performance evaluation was seen as a "statement of figures", instead of thinking about the remedial actions.

> It shouldn't be just a statement of the figures, that they look ok. (Business manager 4)

> Now we have gone through the figures superficially, and then there has been some discussion, or then there has been no discussion. But it is more like a one-way or informative type of thing. (Business manager 3)

Some cultural issues also appeared to hinder the controller's role in the decision-making process as well as complicate the decisions based on the figures. The sitting, waiting, wishing – type of approach usually did not seem to help in reaching the targets.

> The worst thing you can do when those measures are red, is to start wondering that aha, they are red, oh no, someone should do something. (Head of operations 1)

> Those targets are always challenging, in terms of how we reach them, so we cannot only sit and monitor how we are generating great results and achieving the targets. The most miserable thing is to go on like that for months, relaying on unstable figures and not being sure if we are on target or not. No actions are taken, but we rely on sales or some other unit to make sure we'll reach our targets. And we stay passive in regard of these measures. And these things affect significantly our bonuses. And then we just sit and wait that sales will take care of all that. And the whole year goes like that. (Business manager 4)

The issues relating to the other top management team's passivity were raised by the controller, and they surfaced in the interviews with business managers as well. The need for actions and decisions based on the numbers was thus recognized by the managers, although they did not act upon it.

> We do trust pretty much that the sales will sell, as long as we have developed the products. We take easily this role that we are kind of roadmaps, developing the products, managing the existing products and services. I have this feeling that we take numbers as numbers and don't actually do anything concrete if we are not reaching our targets. That kind of feeling I have. (Business manager 4)

> It has been said all the time that Solution Offering should be side by side with sales, more and more selling those products first to the sales people. We cannot lull ourselves into the image that if some area is not selling, we just ask why the sales aren't selling. It's just not possible. SO must react to these signals, we cannot just raise our hands and say "here are our solutions, take these and hit the road". And we do act this way, probably the traditions somewhat weigh here. (Head of operations 1)

5.2 Executives' experiences of controllers' role in the TMT

Next, the roles and top management team members' views on the roles are presented. The different roles that surfaced during the data collection were first categorized on the basis of how the controllers contribute to the decision-making process in the top management team. Roles were divided into four groups: the information provider roles, the attention focuser roles, the intervention roles and the active decision-maker roles. The next sections will discuss these roles and aims to provide a rich description of their content.

5.2.1 Contributing in the background – the information provider roles

The controllers have different roles when supporting the decision-making and follow-up, related to the information needs of the top management team. These roles were categorized further to number cruncher, master of numbers, toolkit controller, objective gatekeeper and information hunter. Next, to form a picture how the controller contributes in the background, these information provider roles are illustrated in more detail.

The Number Cruncher

The traditional role of number cruncher, providing information to back up decision-making, was evident also in the ICT Company. Both controllers also stressed the time-consuming nature of this number crunching. As one controller stated, more than half of total working hours are consumed in routine month-end activities: "We are at all times half of the month tied in producing the figures, mainly." Managers, however, did not pay much attention to the figure preparer role. Rather, the production of information was seen as something automatic. One controller also commented the invisible nature of this "human calculator":

> The thing we do unreasonably much, that doesn't even show there (in the TMT) is that we function as cold, hard human calculators, generating those figures. So the figures don't come straight from the system, but there is a human being there making validations, calculations and corrections. When we are able to cut down on that, then we will have more time to act in the business partner role. (Controller 2)

Both controllers and managers highlighted the importance of being able to trust the numbers. The historical system-related problems of the company concerning the accuracy of the figures surfaced in the interviews. Also the variance of financial knowledge in the top management team placed challenges for the information provider roles of controller. For example accruals were often seen by managers as something mystic placing obstacles to the periodical performance evaluation and thus to the operational decision-making.

> On average, people don't really count on those numbers. When the results come, the figures are quite restless, they keep jumping up and down from month to month, and no one really knows how to explain it. We have good guesses as to why this figure is smaller this month; maybe there are some accruals and stuff. And at least I don't have the touch on what basis these accruals are made and most of the questions asked usually relate to testing if the figures are correct, whether we can count on them or not." (Business manager 3)

The Master of Numbers

Instead of appreciating the production of the numbers, the members of top management team placed importance on the way of processing and presenting the information. As the core of the information provider role, business managers expected the analysis and interpretation of the figures. As one of the managers stated: "The monthly report itself is not a report at all if it consists purely of numbers... The tacit operational knowledge should accumulate in that summary and analysis." Thus, the understanding of business was seen crucial for the controller working on the top management team.

> It is impossible to understand just numbers or their variations; you have to understand the context and scale we are talking about, and the meaning of performance drivers, these all have to be clear to the controller too… (Business manager 1)

> The figures are what they are and anyone with a finance background should be able to… You add, multiply, divide or calculate a percentage, if we think cruelly. So definitely the understanding of business is the crucial thing. What affects the costs, what is the whole cost structure: how much you have material costs vs. distribution costs vs. overheads. So that you know how you can influence the whole business, how you control it, what matters and what not. (Head of operations 1)

Thus, the importance of placing the numbers into a context and making them understandable was seen as one cornerstone in the controllers' involvement in supporting the decision-making process. The role is to "master" the figures and support managers to form an understanding of the big financial picture, the overall view on "how we are doing", which is central in forming a common view of the management team concerning the need for operational decisions. Also, the financial expertise of controllers was needed in addition to the "business-minded view".

> And then this expertise with number series. I suppose it is controllers' strengths, analyzing these series of numbers. Where we are heading with the current trend and are we following last years' cycle. Our figures have quite much seasonality, which fogs the logic of the numbers making it difficult to see how the forecast for year-end actually looks like, what it means in terms of reaching the target. (Business manager 4)

The Toolkit Controller

An important background role was also guiding the managers to use the content of the managerial accounting toolbox themselves. The comparability of data in decision-making situations was considered critical, and at least on the managers' view, the controllers′ role as instructor on this matter was obvious. Controllers were considered capable of adding the value of decisions (and the information they are based on) by producing and developing the needed tools and guidelines for managers and also in spreading the awareness and promoting their use. The managers saw controllers in an important role in standardizing the working methods and adding the financial understanding in the top management team consisting mostly of technical expertise.

> At best, the controller can produce uniform ways of showing and calculating things. And there we have quite a lot to do, on how we sum up different business cases so that they would actually be comparable with each other. So that the use of performance drivers and arguments should be as regular and clear as possible. (Business manager 1)

Thus, managers also made calls for the rationalizing role those tools have in the decision-making process. Although managers acknowledged this was not only the controllers′ area of responsibility, the role of controllers was considered central.

> Of course not only the controllers, but they are in an important role. And I believe that with their help, the issues are handled in a more rational way. (Business manager 3)

> But not like always when you have something number-related or you have to use excel, you go and sit next to the controller. But the principle of making yourself useless. On the controller's behalf it most certainly won't be possible, but it's at least worth trying. (Business manager 2)

<u>The Objective Gatekeeper</u>

The gatekeeper role was especially highlighted in the situation of monitoring the outcomes, by bringing objectivity to the financial and non-financial performance measures. This also stems from the responsibility for the accuracy of information – that the decisions are made based on correct figures. As managers highlighted, controllers had an important control role when evaluating the results against the previously set targets.

> The controllers have gathered and reported the scorecard. And because some of those measures are not that exact, since they don't bounce straight from some information system or something, the controllers have also a kind of gatekeeper role. And at that point I guess it's good it's not the person accountable for those figures who.. That there is some kind of control in what numbers are put in that scorecard. We do need that also. (Business manager 6)

> When I have my targets, whether it is to generate more revenue or aim to better cost efficiency… If I report myself on my own performance, I might want to see things in a more positive light than they in fact are. And here the controller represents a kind of objective view; whether I have achieved my target or not. There is more objective evaluation, and I must actually think what has happened if the things look bad. (Business manager 4)

However, there was some ambiguity relating to the role of gate-keeper in actual decision-making situations, for example in terms of cost-consciousness. Some managers and controllers did not see this role necessary, while others saw this role very useful in some situations, especially related to the assessment and follow-up of decisions.

The Information Hunter

The views of controllers and managers were well aligned in the question of the networking role of controllers. Networks were seen as extremely important in order to search and analyze information from various sources. The product professionals, business managers and department leaders represented valuable sources of information for the controller, as well. However, it also requires strength of character to get the needed information. Notwithstanding this, the co-operation between controllers and top management team members was regarded as natural and important.

> That you can, are able, and dare to squeeze the needed information out of people. Thus, you have to know the right people, and this financial network is one thing; that you know the people you can start asking questions from. (Controller 2)

> That role is certainly an interactive one. But there is always that certain controlling role, and it might cause some encounters or disagreements, but I guess it should be like that… Even though some forecasts go differently, overall we have this feel and way of working that problems are solved and decisions are made together. I would say the frequency of co-operation is denser than it has been some time before, which also means that we work more closely together nowadays. And then we have also fewer confrontations, when we have had time to shape our views along the way. (Business manager 6)

Controllers had an active role in forming networks with operations. These networks were usually created in situations where the controller was searching for information inside the organization. One controller used the term "information hunting" to describe these activities. Once the new networks are formed, also the operations contact controllers more actively with their questions. The controller was thus seen as an information hub, a "primary link" when financial issues arise.

> Usually those situations can be quite sudden, when you need to have certainty to an issue. For example: have we invoiced this? Although that might not be in controller's area of responsibility. But I don't know at all who could help me with that problem. Then it's somehow natural to turn to the controller. (S)he probably knows who I could ask. In my opinion, at best it is exactly this way, that you can turn to the controller in different situations and of course (s)he can also say no, they don't have to accept everything. (Business manager 3)

5.2.2 Focusing attention – the supporting roles

The attention focusing roles were classified as the coordinating force and the attention director. These roles are important when forming the common view of the performance picture and are interactive and persuasive by nature. Controllers are the ones focusing the attention on the most important things in the TMT, so that managers can start considering needed remedial decisions and actions.

The Coordinating Force

At the end of each month, controllers go through the results with the business managers. This process was seen necessary to establish regularity to performance evaluation. The controller was seen as the force that gathers all the needed information and managers together, preparing the setting for decision-making by monitoring the outcomes and also the needed action points. Thus, the controller does the initial analysis and "prepares a stage" for the managerial decision-making, so that the responsibility of actions can be transferred to the management team.

> Instead of starting always from scratch, when everyone stares at this huge excel sheet and then it takes more than 5 minutes to figure out what it's all about, if it looks good or bad...So the information is already somehow sorted. (Business manager 2)

In Service Platforms, the business managers themselves presented the "dashboard" including the operative measures. In Solution Offering, the dashboard was still a work in progress on the controller's desktop. Thus, the varied ways of sharing the responsibilities were visible when comparing the two top management teams.

> This distribution of responsibilities; whether it is the controller who takes care of the revenue and profitability measures, and business managers who take care of the operative measures, that can be determined in different ways. In my opinion, it is clearer that it is one person, who is responsible for bringing all the figures to the table and takes care they are discussed with the right persons before that. (Business manager 2)

For both historical and objectivity reasons, it was seen important that the controller has the overall responsibility of gathering the information. This responsibility also included allocating the resources and attention to the number-led decision-making,

> I suppose that subsequent to this leading with numbers, there is now more pressure for the controller to have the full picture of the profitability of our business. Before, the business managers prepared the figures themselves, and back then the challenge was that those figures weren't comparable with each other; others calculated them in a different way than others. So when the responsibility is in one place, it is better. (Business manager 2)

The Attention Director

The ability to highlight important changes and to attract the top management team's attention to them was seen as the core of the attention focusing role. The controller's contribution was needed to bring focus to the analyses, bringing the variances against the set targets into the spotlight. Thus, also the traditional watchdog-role was present in the scene, but with some spice added. Managers saw the role of the controller especially important in guiding the attention of managers to the important issues needing remedial actions and preparing the ground for decision-making.

> Well, one thing is that we stay inside these financial frames that we have set. Controllers make sure of that and if it looks like we're falling by the wayside, (s)he should clearly flag it up. (Head of operations 2)

> Controller's input could be identifying those situations where we are actually lagging behind and where we might have excelled. That those variations according to the plan were highlighted. And by drawing attention to those variances, the controller brings a kind of focus. After highlighting those variances, we come to the question of whether we should act upon them. And then the accountable managers should start thinking of actions. And controllers' task would be to pinpoint those situations. (Business manager 4)

The attention directing was important in bringing the focus of the top management team to issues with potential financial repercussions. The attention should be focused on the most important issues that require decisions, guidelines and action from the top management team. Thus, this role had also proactive characteristics.

That we stop in individual cases of achievable or unreachable goals. It should happen so that the controller quickly underlines those variances and then we check who should go and think about the actions. (Business manager 4)

Controller has this role of bringing forth those issues, on what we should focus. Actually it relates to these objectives (of controllers' roles), too. That the objectives are not only to be in a reactive mode, but also to take this proactive role. (Head of operations 1)

The measures (both financial and non-financial) were also compared to a map by one manager. In this metaphor, the controller was seen as the navigator, showing the way by reading the "map":

In other words, the route cannot be clear if the map is not showing where we are heading. And there the numbers lead the way, helping to tell the coordinates of that map. (Business manager 1)

5.2.3 Driving decisions - the intervention roles

The next two roles are identified as push-roles, where controllers force the managers to make decisions based on the numbers. This could be done through selling their expertise in different decision-making situations, or demanding decisions based on inferior financial or non-financial results, by "waking the managers up to reality". These intervention roles include the awakening role and the accounting ambassador.

The Awakening Role

The core activities of the awakening role include acting as an alarm clock, by making reality-checks and pointing out the need for action, especially when the members of the TMT need to realize the actual situation at hand. It was also noted that the controller should have the patience to repeat same things over and over again and more importantly, to have enough strength of character to confront the managers when needed.

Yes, indeed. Of course it requires, frankly speaking, a very strong character, because you get easily answered back that these figures have never balanced or that these figures have been inaccurate also before and all that. You just have to ignore that... When I now think about it, never in my career do I

> remember a situation where everybody always thought the figures were correct. It's not like that. You can always blame the numbers, always. You can always blame them… (Head of operations 1)

Also, this "awakening" should happen constantly. The other members of the top management team saw the controller as the person who points out the need for action, when the others do not realize the seriousness of the situation or the financial implications of not reacting to the current situation. Thus, managers expect an increasingly proactive and forward-looking attitude from the controllers.

Consequently, the controllers should not accept to be marginalized into the role of figure-presenter, but they should actively drive the decision-making efforts in the top management team by forcing the managers to "wake up and smell the coffee" and see the real situation at hand. This requires the controllers to plunge head first into the deep and sometimes cold waters of top management team work, hurling themselves into the decision-making situations. However, one development area that the business managers identified in the controllers top management team work was precisely this pro-activity.

> In my opinion, the controllers can and should and have to take a kind of challenging role. By no means a role of number-generator, but really challenge the managers, throwing their own view of the situation to the discussion. Like "hey, listen up you members of the top management team, with this kind of behavior, no good will follow. Even a blind man could see from these figures that with this kind of development, well, this thing is going nowhere" It's kind of sticking one's neck out, and at the same time you also challenge the others to wake up. This kind of wake-up role. Like "Hello, take your own roles and responsibilities. We have this area here that is lagging behind, are you really gonna do nothing about it? Or are you just waiting for someone else to come and fix the situation?" (Business manager 4)

> One development area is probably this pro-activity, looking a little forward on what the consequences are if we continue in the same way as before, what are the implications if this and that will change. This kind of forecasting, but not the traditional, purely number-oriented forecasting, but a very business-oriented one. The thing that we don't utilize the controller is this forward-looking forecasting, and analyzing the financial implications. (Head of operations 1)

The Accounting Ambassador

The role of accounting ambassador is a selling role by nature, where controllers themselves promote their role and knowledge in order to be more active in different decision-making situations. Both managers and controllers saw the opportunities related to controllers selling their expertise and promoting managerial decision-making.

> When we implement things through the TMT, the controllers should also support individual business managers, helping out in the business cases. But this depends mostly on if they realize to ask for it. . (Business manager 2)

> Yes, it would be necessary some day to go through how the controller could participate more in certain decision-making situations, how we could make better use of the produced information. (Business manager 1)

Also pricing decisions and capital investment calculations, as well as assessing project profitability and monitoring the investments were identified as central situations where controllers were needed more. However, there are challenges related to the ever-increasing workload.

> Of course one could be more active on that part, but the calendar is already full. In any case, the days are already full. As fun as it could be, but who would take care of my other tasks? (Controller 1)

5.2.4 Participating in the decision-making - the proactive roles

Managers especially stressed the controllers' importance in driving the decision-making and taking coordinated action in the top management team. The next roles are not unambiguous in term of emphasis placed by managers and controllers. Calls were made especially in order to enlarge the controllers' role to active demanding from the direction of the top management team, pushing the decisions and making sure the numbers are not taken at their face value. The desired professional profile of the controller was thus more of a sparring partner and thought-provoker, questioning the status quo. These roles are identified as the sparring partner, realist outsider and the active member of the TMT. These first two roles were raised by business managers and have more of an emergent quality.

<u>Sparring partner</u>

> The one thing I want to bring out if someone reads this study, and we must presume this is the case, and the thing is that the controller is increasingly more involved in a kind of consultant role, sparring the business managers. The controller should increasingly seek the problems and shortcomings. That would be very welcomed. Some controllers do that, some don't. But that is very valuable. (Head of operations 2)

The top management team members considered it very important that the controllers act in an advisor or consultant role, searching for potential areas of improvement. This was highlighted especially by both heads of operations. The controller could have a strong role in sparring and promoting the actions which affect profitability. Thus, the controller has the opportunity to highlight the possibilities and potential to boost the efficiency of operations.

> One other thing I await is that the controller could find weaknesses in our operations, pointing out that "look, here and here you are wasting money". That would be very welcomed. And also make suggestions, what we should do about it. Our controller already does that, but it would be good if (s)he could do it more, because that is the essence of development work. Of course it's also a scheduling and resource question, how deeply you can be involved there. But I see a need for this kind of activities. (Head of operations 2)

> My wish is that the controller is involved in the decision-making process, sparring the operational decision-making. Probably the controller can't be the ultimate decision-maker, but (s)he has an incredibly good view through the numbers to different situations and decisions and also to the likely financial outcomes. After all, we are here to make a profit. (Head of operations 2)

However, there was not enough of this kind of sparring at the moment. Also, the management backing and support was ached for not only from the controllers' side but also from the top management team as a whole. It was expected from all top management team members that they would step into the other executives' territories, and would be able to give support to the areas not meeting the expectations and needing corrective actions, independent of their areas of accountability.

> The TMT meeting should be the place to do some sparring and maybe together we could question things and think about the needed actions. But in reality we don't have too much time to do that. But it could be one of the most important tasks of the TMT members, to think out of one's own boxes, do some sparring also in other's areas of accountability. (Business Manager 3)

Instead of giving support, however, nowadays it was in fact the controller who was being challenged frequently.

> No, in fact, there is none of that (sparring). Nope. If I speak frankly, no. There's none. Traditionally, I haven't seen that the controller's role would be to challenge people around here. More likely it's the other way round; the managers are the ones saying: "Wait a minute, why do these figures look like that? This can't be true! Explain! What is this? Explain right now why these figures look like this!" (Head of operations 1)

The Realist Outsider

Often managers perceived the controller as the objective and realist member of the TMT, giving an "outside" view on the issues. The main task of the realist outsider is to make sure the decisions are made based on facts instead of a gut-feeling. The controller is the one who "drops the numbers on the table" and also pulls managers back to reality, when he or she sees fit. Firmness was sought proactively in order to enhance the rationality and success of the decisions. Compared to the "wake-up" role, this role is more forceful by nature. Here, controllers should clearly bring their own viewpoint to the decision-making, but they should do this preferably by relaying on analyses and objective facts.

> Yes, definitely the controller has to be a realist. And in my experience, they usually are. But the only answer to that question is realist. There are no other options. Absolutely not. (Head of operations 1)

> One of the controller's most important attributes include and this shouldn't sound boring, but they should be down-to-earth, the ones saying hold your horses. If they have an opinion, they should clearly bring it out. And it doesn't mean they were inflexible or… But the controllers' responsibility is to stick to the facts and keep the realism and firmness in those conversations. (Head of operations 1)

Also the nature of controllers compared to the other members of the management team was evident; they should be firm, organized and equipped with analytical thinking patterns, while other executives could rely more on their hunches, feelings and experience.

> In my experience, when you have to think about something totally new, some brand new business idea or some plan that could be quite whimsical, containing big risks and so forth, the controller usually is not the person presenting the wildest views of the possible achievements, where this plan could lead us to. Rather, like I said before, the controllers are the ones taking the wind out of our sails saying: "wake up, that won't work anyway". But both views are needed. In the sense, that it is quite risky if we have five people who all think this is going to be a huge thing, something unbelievable, but with no realism in it. Probably the outcome would be a disaster. We do need the view of controller, too. (Head of operations 2)

> Often when people get excited... It is only human that when people get excited about something, they're like "hey, this business is going to excel, it's going to fly, this is great", and then often the controller is the one pulling the rug out from under us, saying "wake up and smell the coffee." They bring this kind of cold realism, because they have seen these kind of projects through numbers also before so they have developed a routine for these things. And that's a very important perspective that should be brought into these (decision-making situations). Like, have you remembered to consider this and that risk and so forth. But it is important added value when the controller is able to assess, as this independent expert, whether all viewpoints have been taken into account. (Head of operations 2)

This role was also recognized as extremely important in the context where other managers are very product-oriented and technical thinkers. Here, the outside view was required. The outsider role also included feeding important information that otherwise might be overlooked by line managers, and by bringing that way a different perspective to the decision-making.

> We do have the experience, so the controller should be the one having that different viewpoint. Because then some issues might emerge which we might have not considered, understood or noticed. (Business manager 6)

<u>The active member of TMT</u>

Controllers take part actively in the TMT discussions, bringing their perspective to the decision-making situations. They are considered equal members of the TMT, and participate in setting the guidelines and aligning the views in the meetings. Thus, is this sense no difference was placed between controllers, business managers or their areas of accountability.

> Comments confidently and speaks up. That's why (s)he is working here. (Head of operations 2)

> We have aligned here that whoever is a member of the TMT, regardless of your own area of activity; whether it is controller with the responsibility of financial issues or the HR manager responsible for his department or some other business manager, all of us have the responsibility of developing the business. This overall responsibility means that one cannot only think that this is my box here and I look only issues concerning it, no. You have to interfere more widely. You have to take a larger responsibility; that is the obligation of the TMT members. You can't only sit and wait for financial issues to arise, you have to act also in general managerial duties. (Controller 2)

The controllers give their opinions on operational decisions when needed and work together with other top management team members when setting guidelines for the operations, but they do not tell the managers how to run the business. Thus, the controller usually does not interfere with the operational decisions. Here, the persons accountable for their areas of operations have the final word. It should also be noted that often the operational decisions are, in fact, made outside the top management team meetings.

> The responsibility of the decisions must always rely in operations. Responsibility cannot be shared. So the accountability of operations must be clear-cut. You cannot outsource the responsibility of making decisions to the controller. So here the controller's role comes really close to the managers, supporting and guiding to the right direction, so that we understand the financial repercussions of the decisions, and the related risks. The role has to extend that far. (Head of operations 1)

> Mostly the TMT work is making guidelines, the actual decisions are often made inside the line organization, but we do participate in the decisions that are made in the TMT frame. (Controller 2)

> The controller influences quite many decisions in an advisor role. But usually the final decision is made by the manager or superior held responsible for that department. So it is. Of course in controllers' own area of responsibility; how things are monitored, how costs are booked etc, the controller decides autonomously and then we just receive the instructions in the TMT. (Head of operations 2)

The controller thus supports the decision-making process, comments on the issues and plans the actions. However, the responsibility for the actual actions still rests on the shoulders of operations. Controllers help setting the targets, but the means to reach the goals have to come from operations.

> Then we are in a smaller role in operatively running the business. So the guidance and controlling happens through the measures and we must be involved also in the development of those measures, but we don't even come to think we would step into that area; that we would be giving advice on how to run the business. We have good development managers there in the departments who know their job well, so in that sense we do stick "inside our own box." (Controller 2)

5.2.5 Role clarity

Superficially, the controllers' roles in the top management team decision-making seemed to be quite straightforward. The knowledge of the ways of working, together with the common history with other members of the top management team were seen to alleviate the need to address them explicitly. However, beneath the surface, the expectations for controllers' roles were not that clear-cut after all. What are the objectives for controllers in the TMT decision-making? The executives gave quite surprising answers related to this specific question. Until now, different roles that appeared during the data gathering have been discussed. Next, we will take a look on some role ambiguity issues which were raised during the interviews.

> Basically, the role is to serve the organization. The needs are multiple and plentiful, and in fact with all those guys who are in the TMT, we have worked together quite some time. In a way, it's always quite challenging, there are always some twists there. In that way, when we have this certain history and I know our ways of working, I'm not the underdog there. (Controller 2)

> We have not gone through that… What they expect from me? Probably it's this support for everything that requires the financial viewpoint, and almost everything has it. But I guess the expectations would be to take more responsibility of the financial viewpoint. If we think about the TMT decision-making, I should be included in those discussions regarding pricing and those decisions that affect our profitability. When I came to work here, it was this "someday it will be central" sort of thing. And it still is like that, someday… (Controller 1)

When the business managers actually came to think of the clarity of the objectives on controllers' roles, it turned out that although the expectations of roles and their objectives were taken for granted, they were not that unambiguous after all. Also the need to discuss the issue in the top management team was raised.

> In a matter of fact, they may not be that clear… Not at all. (Head of operations 2)

> Well, good question. Maybe, well… I have probably taken them for granted; definitely it is of course bringing the financial viewpoint there, and linking the financial figures to operations. Not like "here are the numbers, take care." Like I said before, that is a very demanding role, to link the figures back to the actual business, understanding these causalities; in fact, I see that, above all, as the goal. (Head of operations 1)

> That is a kind of statement that has to open the discussion here. Really. Because we have never gone through those objectives. And most certainly the role positions through the people that are there (in the TMT). But the least we could do would be to have that conversation: in what roles are we in and what our responsibilities are. (Business manager 4)

Surprisingly, there was some ambiguity also concerning who the persons aligning how operative the controller function in fact are, and who makes the final decision on that case. The other members of the management team did see their roles as a part of overall forming of controllers' roles, but the question of who has the final word on this issue was left open.

> The question is, where we want to put our resources, it would require some extra resources, too. How we see it (controlling): as a mere support function or as an operative one. (Business manager 6)

> Well, I guess it's the chairman of the TMT or the heads of operations that align what kind of role controllers have in that group. (Business manager 3)

> Well, that is a good question, in fact. I don't know who aligns it. Or who should be the one aligning it. That's a good question. I leave it unanswered. (Head of operations 1)

Also the controllers' organizational position was questioned and in fact a need for a more operational controller-figure was pointed out. Nowadays, the controllers focus mainly on the profit center level, whereas business managers' areas of accountability are one level closer to actual operations. Thus, the controller resources are not always available to business managers when needed.

> It wouldn't be a bad idea to have a financial expert, this controller-type of figure along the operational activities also. Controllers who share their time among all managers and all product groups and all services, their possibilities in taking part in the more operational issues are quite superficial. (Business manager 3)

5.3 Some tangible illustrations of decision-making

This section provides some illustrations concerning the actual decision-making situations in which controllers are involved. Three key areas were selected, since they were all brought up during the interviews and also surfaced in the top management team meetings. Next, the decisions concerning changing the outlook are discussed, followed by decisions of price changes and capital investments, which directly affect the profitability of the company.

5.3.1 Changing the financial targets – decisions of latest estimates

The forecasting process and the decision-making relating to changing the previously set financial targets surfaced in almost every interview in one way or another. The forecasting process itself was not included in the original interview questions, but since it constantly surfaced in the interviews and in observations, the matter seemed worth studying in more detail. In fact, when asked about situations where controllers were actively involved in decision-making, the most common answer was the forecasting process.

> Spontaneously, the first thing crossing my mind is, well, those forecasts, which have a great impact on pretty much everything. On the general level we (heads of operations) do go through them with the senior controller. But on the lower levels those forecasts might seem to appear as given. Yes, it must be so that it looks just like the controllers make those decisions. But we do go through these forecasts. (Head of operations 1)

In terms of performance evaluation, the controllers of the business unit gather monthly before the final results are published, in order to assess the correctness of the results and the possibly needed changes to the preliminary figures. Also a separate meeting is organized to evaluate the latest estimates. The group controlling, as well as negotiations with operational managers, determine whether the forecasts can be adjusted or whether the figures must match to the budget or to the previous estimate on the present fiscal year level.

> Then one issue that controllers decide quite totally by themselves is when in listed companies we make these performance forecasts. Or actually we do forecasts on a monthly basis, but we give an especially carefully compiled forecast together with our stock exchange releases. The controllers query quite broadly inside the organization how the results look towards the end of the year, from the operations point of view. Then the business managers give explanations and the controller scoops this information and concludes that ok, it will look like this, but the risks are these. And then when they ask someone else, they tell we have also these other uncertainties. Then the controller sums up. And this is one thing they do quite independently... Ok, maybe the formal approval comes from the head of our business unit. But they combine those views that the most likely result will look like this. They assess the risks and gather the pieces together. (Head of operations 2)

Also the controllers emphasized their role as coordinators and decision-makers silently residing in the background. Often because of the time pressure, controllers were the ones making the final decisions concerning the cost and revenue targets towards the end of the year. Thus, at the business unit level, the forecasts were first prepared by controllers and then gone through with the heads of operations on a general level. However, the controllers are the ones deciding on the split between business units and thus the targets of individual business managers. Managers acknowledged the situation, and the role of controllers as target-setters and decision makers attracted much debate.

> Then, of course, there are quite many things relating to decision-making that are done in the background, for example these forecasting models, which are in the controllers' area of responsibility. However, these also guide the promise we make regarding the cost side. (Controller 2)

> It's not like everyone makes their forecasts somewhere and then they are added together and then we admire the result, no. The controllers have a very strong role there, guiding the whole planning

process. It is a significant factor. And it is also reflected so that the forecasting process is lead by controllers. (Controller 2)

The outlooks were thus prepared in a process separated from operation and controllers were important players in this "tacit" decision-making. However, this caused some problems in terms of accountability between the controllers and operations. When the operations took the outlook figures as "given", they did not necessarily commit to those new outlook figures. Together with the new reporting portal, the managers might be able to give their opinion on the outlook figures, as well. Nevertheless, according to controllers, the tight schedule and the reconciliation of the forecasts on the business unit level will pass by the need to involve the operations in the outlook process also in the future.

I have also seen that when the results for the month are ready, the outlook is already made by controllers. (Business manager 3)

So there is necessarily no formal decision process for changing the outlook; it never fits into that cycle, so they are made in changing assemblages. Then it's somewhat challenging when we think about the management system, since people should give their analysis and that way commit to those changes. If the forecasting happens in a separate process, then no one understands it and it's difficult to commit to it. But the schedule is the challenging thing. (Business manager 6)

But when business managers give the outlooks, we can take them into account in the next month. But that is also an improvement if the operations will have to make those forecasts. We (controllers) just then make the final decisions of the figures (Controller 1)

Thus, some accountability issues arose from this unofficial, controller-led decision-making process. In fact, the matters related to the division of roles and responsibilities between business managers and controllers in the process were the issues that most often were brought up by both managers and controllers during the interviews. Also the need to involve the operations more in the process was identified.

We should make better use of our wide expertise in that forecasting process. And put otherwise, we could get some more accountability for the product manager side also, to make them think these issues too. And see the whole picture. (Business manager 6)

> So then you view those numbers a little loosely, you don't take them that seriously. And then there is the question of what the controller's responsibility is and what the business managers' responsibility is. Who draws up that forecast, who answers for it, have we agreed on it? Or are we already in the situation where we count so much on the controllers that we just put their series of numbers there and say ok, this is how it goes. Look at it and just acknowledge the situation. (Business manager 4)

The greatest challenge seemed to be the schedule and speed in which the forecast should be prepared. After the results for the month are ready, the view concerning the rest of the year should be formed in the following day. Thus, the biggest challenge was related in keeping up with the managerial reporting cycle, which left not enough time for analyses. One of the controllers also commented that at first it was surprising to realize that the forecasting was so throughout and time-consuming at the end of each month, and the process was relied so heavily in the controlling department. The tight closing schedules and the profound process were in fact recognized as the main reasons leading to the centralization of the outlook process and the "tacit" decision-making inside the controller function.

> The challenge is to keep up with the managerial reporting cycle. Maybe that's why it has taken this shape where only a few people are involved and the natural solution is thus the controllers. (Business manager 6)

> So it is a challenge, how long it takes. It is approximately in the middle of the month when we have those results and the company's TMT has already received those forecast figures at that point. Thus, there is not much time for analysis. (Business manager 6)

In addition to producing the latest estimates, also the active use of the outlook figures was expected in the top management team, bringing the realistic view to the discussions. As one of the voices strongly pointed out:

> But this is a big part of using those figures in the future for this waking up of managers. "Controller says wake up and take a look yourselves and see where we are heading." But now the situation is that the business managers or department or team leaders don't make the forecasts, then the figures are also experienced to come as given. (Business manager 6)

Since the forecasting process and decision-making related to it was so strongly led by controllers, interpreting the messages from the field was seen crucial. The challenge there is how to reconcile the views of controllers and business managers regarding the forecasts.

> The thing which is accentuated pretty strongly regarding the budget and forecasting is that these processes are led by and large by controllers. Thus you need to interpret those messages coming from operations and translate them into financial planning. (Controller 2)

> Here in this seasonal business it is difficult to distinguish how the absolute figures look in terms of reaching the targets. And I see this common view should be formed like ok, now it looks like we're on track or that we are lagging or excelling. (Business manager 4)

Thus, the objective lenses and independent nature of controllers were required also in the forecasting process, when gathering the views and interpreting the messages from operations. The "master of numbers" was needed to recognize and explain the development of trends and present indisputable facts to support their views for the outlook decisions. Sometimes it was admitted that the controller saw the situation towards the end of the year more clearly than the optimistic business managers.

> I have sometimes noticed that someone has made the forecasts for me... But even though the operations want to keep hopes up, we want to believe we will make it to the targets, the controller, especially having enough experience, might say this will not be the case. Ok, then it would be good to have a conversation and then end up with some conclusions. (Business manager 3)

> My opinion is that these figures particularly should and have to guide the actions quite strongly. And then it means that when we discuss or comment or argue, then it's worth doing based on facts. And then controllers' role is to say "ok, here are the facts". "In reality, the trend has been like this. Last year it was this much and in the last quarter it was already less, and now it's declining still. So it really looks like this". (Business manager 3)

Thus, the separate, informal nature of this decision-making was acknowledged. Also the vagueness related to the controllers' roles was evident. In some cases the decision-maker role of controllers was unclear, varying in depth from one situation to another.

> In fact I think the role is a bit unclear at the moment. Now there is this… There might be a clear role, but there is this kind of a separate decision-making process, which could be justified in some situations, but then there are moments that it doesn't happen, so it's not clear how the process should go. Sometimes the figures come automatically, sometimes they are demanded strongly. We should have some clarity to this role, in fact. (Business manager 6)
>
> So probably... It is hard to say whether the role should be broader or more limited, because at time it's broad, at times limited. (Business manager 6)

5.3.2 Affecting profitability – the pricing decisions

Since the Solution Offering unit has the responsibility for profitability, it also makes the pricing decisions. Therefore, this was considered one central decision-making situation, where the controller is involved. The pricing tools are mainly created inside the sales support function and controllers have not been involved in development of these pricing tools. Both controllers and business managers shared the view that controllers could be more involved than nowadays in the decision-making situations concerning pricing. Nowadays the role of controller in pricing, according to one manager, was "next to nothing".

> It could be good that when we set the prices, ok we should be able ask the controller, to give an opinion if the pricing of our certain product is on a realistic background, so that some typical cost elements are taken into account. So that we could better assess what the probable profit margin would be. That would be a good idea. (Business manager 5)

The first problems concerning controllers' involvement usually arose before the actual decision-making situation, since the preparation of the decisions usually progressed somewhat before the controller was involved in it. In fact, controllers were involved in a quite late stage of the pricing process.

> Of course I should put myself more out there, so that those suggestions come first to me before they are dealt in the TMT. Because those situations are miserable, when they have financial implications and relate to Euros. Like when we have this target of adding this much revenue and then we go and cut the price, although you could get to the target and get that secure revenue from there. Of course there is lot of things that should be taken into account. But it would have been nice to prepare for that beforehand. (Controller 1)

> Quite often those pricing decisions do not pass through me beforehand, which feels kind of funny. Mainly those persons who I already know might come and ask my opinion. For example this one guy who came to ask if we could go through his suggestion, and then I knew in the TMT meeting that ok, I have already seen these calculations. And then there are those cases that come out of nowhere, like the one in that meeting from yesterday. (Controller 1)

In that particular meeting, there was a suggestion of lowering the price of some products, which was not included as such in the meeting agenda. The controller was not informed beforehand, which caused frustration when trying to evaluate the pricing proposal based on the calculations the controller had never seen before. Also the distance of the controlling function and the operational reality caused challenges to decision-making.

> …And how it all affects, how our products compare to competitors' and what is the impact of price changes. So then you can only say in that situation that ok, I see these figures, let's make a little comparison here then. But it is difficult to interpret the consequences of that decision, how the competitors will react. It does make things more difficult that you don't have the touch of the day-to-day operational issues. (Controller 1)

The controller's role in pricing decisions was not that clear even to the business managers. Here, it was recognized that controllers could sell their expertise more. Nowadays, the pricing decisions seemed to be based highly on the intuitive hunches and experience of the managers.

> I don't know how much it (the involvement of controller) is expected in the TMT , but I think it would be important, for example in those discussions on whether to cut the price or not. Normally we do those decisions based more on how we feel about that. I start to think that ok, if I am the customer, and the price is this, if we cut the price, would it affect my decision to purchase. And then we can say that I don't see that affecting it that much. And then it goes to deciding based on feelings. And then we decide more based on sensibility than on sense. The controller could thus bring some kind of logic and rationality to the process if it's lacking it. (Business manager 3)

> Because nowadays, especially when we make those bigger decisions, we should be able to evaluate them from different angles. The responsibility and also the view on how customers have previously reacted to these decisions and so forth must be in business managers' hands. But if we rely solely on that, then we don't question the current model of decision-making. Or ways of working. This could be one of the roles of this neutral controller, to bring a more rational view in it. (Business manager 3)

5.3.3 Case capital investment decision

The capital investment decisions were also a situation where controllers' involvement was needed. However, as in the pricing decisions, the preparation of the decisions advanced before even the information of the mere existence of the project reached the controller. Next, the chance is given to the controller to briefly describe the recent events surrounding a specific capital investment decision.

> I'll tell you an example of one capital investment case that we went through with Mike this week. This case in question had already gone as far as to the corporate customer unit's TMT, from where it bounced back immediately, because those calculations made no sense. Then the senior controller (who sits in that TMT) asked me if I knew about this case, and I told him I had never even heard of it! The senior controller might imagine those calculations have already been on my table. But this is often not the case. Now we have tried to improve the process and inform people about it. (Controller 1)

> So, if these calculations don't come through me, as in this particular case which went directly to the corporate customer unit's top management team, the suggestions boomerang back and the message is to re-calculate... For example, this case in question included the revenue we are already generating; it showed a way too positive picture. Of course the senior controller notices those things right away. It showed a picture so positive that in a month or maybe two the profitability was back on track. (Controller 1)

Nowadays the investment projects seemed to proceed somewhat before reaching the controller. As the example showed, the controller was involved in a quite late stage. Even though the investment proposals should pass by the controller in the first place, this does not always happen. However, the controllers recognized the need to push themselves more into the process.

> It has been discussed in the TMT that those euro-related decisions should come through me. We have talked about that from the beginning: these capital investments come through me, but it does happen that sometimes they pass by me. The information isn't necessarily communicated from operations or then they simply assume the information somehow reaches me. (Controller1)
> At this point also these capital investment suggestions might not pass through me. So I don't hear about them. A short while ago, we had actually two investments which we went through with Mike from operations and he was quite surprised I didn't get that information automatically. So again there

were some new investment projects and I'm not involved in them. I need to know if something is happening. Because now I don't know." (Controller 1)

Managers, however, saw a positive change in controllers' involvement, although it sometimes required a strong pushing from the controllers' side. Although the role is still evolving, there had been positive development in the use of controllers in the process.

> Nowadays we make more use of controllers' knowledge. Before we utilized it very little. We made those (calculations) ourselves, and then they were all made slightly in a different way, so comparing them was very difficult. I think it's good those proposals now go through the controller, who ensures the comparability of those calculations. So that we are able to compare them somehow. (Business manager 6)

> Well, then we took over, updated those calculations, went through the formulas and stuff and checked the idea behind the calculation was correct. And yesterday the proposal was approved. Thus, Mike did some unnecessary work here, and he also admitted it himself. Then I said ok, we have this other investment proposal here too, why don't we go through it together and Mike said ok, let's do it. (Controller 1)

When discussing the investment decisions, the business managers brought up the need to look through the critical "controller lenses" and question the need for those investments. The objective monitoring of the projects was seen crucial also when justifying the need for future investments.

> You don't have to accept all sorts of strange proposals, if you don't agree with them. Preferably the controller could bring those ambiguities to the decision-making situations, so the role is definitely not only a scorekeeper role. It's not about that. But then we have to think also who knows the business better etc… (Business manager 6)

Especially the preparing of capital investment decisions was considered to bring controllers closer to operations. By going through the investment proposals beforehand and reserving enough time for it was critical in enhancing controllers' understanding of the investment from the operative point of view, making thus the controllers' work more meaningful and enhancing the knowledge of controllers concerning what the operations really do.

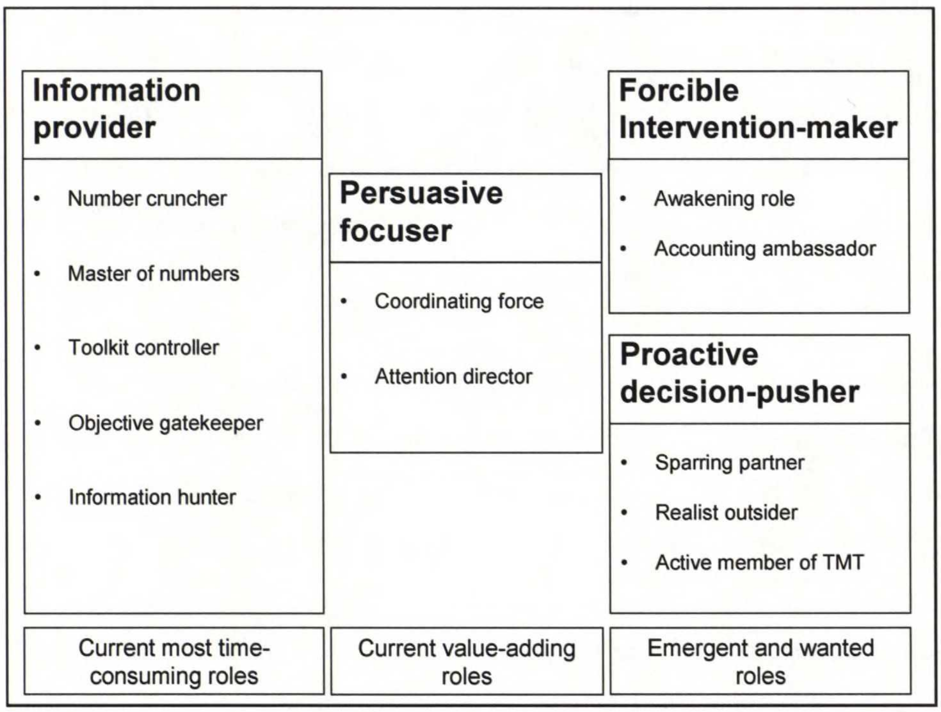
So that we try to understand each other, by working together we can find the solutions, how much this investment actually generates income. And like in that case, we noted it had the old revenue already as a base and that shouldn't be in that proposal, only the additional income we are getting from it. So the old income there was as extra and we just had to take into account the new income. But it is this kind of technical analyzing, this financial stuff... (Controller 1)

And all these products... Surely one is often confused when they chat about those products and then you just don't understand was it hardware or what? "Could you summarize and tell what were we doing here again?" I just said yesterday to Mike, that I don't understand a thing of this product of yours and Mike said to me that he doesn't always understand these financial figures either, but still we got our proposal through. (Controller 1)

5.4 Summary of empirical findings

Figure 6 summarizes the controller's roles in the decision-making process presented previously in this chapter.

Figure 6: Controller's different roles in the TMT decision-making



As it can be noted from the figure, the most time-consuming tasks are more in the territory of financial controlling, including routine month-end activities and number-crunching, assessing the accuracy of figures, and searching for information according to managers' needs. These roles do incorporate interaction between controllers and managers, but the outcome is something informative or formal, in the form of calculations or actual financial results. Managers see the benefit of these roles mainly when they relate to standardizing the working methods (toolkit controller) or presenting the information objectively in the top management team (objective gatekeeper or master of numbers). Thus, these roles provide the information to back up decision-making.

The current value-adding roles relate to controllers making coordinated efforts to focus the attention on the key figures. It should be noted, though, that these roles are more reactive by nature, focusing on going through the material within the TMT and preparing the setting for the potential decision-making. In these roles, the responsibility of decision-making is transferred to other members of the management team.

The emergent and wanted roles reflect more the image portrayed of business controllers in academic and professional literature. Here, the controllers do not tolerate that numbers are taken at their face value or that decisions are made based on mere feelings. On the contrary, the controller demands strongly that the TMT make the needed decisions concerning the required action points, reminding the TMT of the previously set targets. Controllers also actively bring realism to the TMT, "waking managers up" when needed.

These different roles emerged also in the three previously described situations which controllers and managers brought up, where controllers actively participate in the TMT decision-making. The examples included decisions related to capital investments, pricing and price changes as well as decisions concerning the forecasts and financial and non-financial targets.

The empirical findings are summarized in Table 2. In the next chapter, these five key findings are related to the discussion of controllers' roles and compared to the previous literature.

Table 2: Summary of key empirical findings

1) Controllers alone cannot affect their roles as decision-makers, but the accounting culture and the other members of the TMT (role senders) impact it also.
2) Nowadays the controllers are consuming most of their time to non-value-adding activities although both managers and controllers acknowledge this shouldn't be the case
3) There are some ambiguities in the controller's roles as decision-makers
4) The managers expect controllers to assume more responsibility in pushing the decision-making and related actions and a more proactive attitude
5) Controllers engage also in informal decision-making.

6 DISCUSSION

Next, the key empirical findings from Chapter 5 are evaluated and analyzed in light of previous studies. First, the findings related to the accounting culture are presented. Second, attention is drawn to issues concerning role clarity and the nature of business controlling. Third, the current and emergent decision-making roles of controllers are analyzed further. The analysis is based greatly on the article by Byrne & Pierce (2007), aiming to contribute to the current discussion on controllers' roles. Here, especially two key points of Byrne & Pierce form the basis of analysis: first, the part managers play in shaping the controllers' roles and second, the ambiguous and conditional nature of business partnering roles. The observations of the accounting culture relate also to the discussion of antecedents to the roles, a key theme in Byrne & Pierce's study.

6.1 Accounting culture and the TMT

Finding 1: Controllers alone cannot affect their roles as decision-makers, but the accounting culture and the other members of the top management team impact them also.

According to Geertz (1973), the accounting culture mobilizes in social relations and networks. The accounting culture was described in the study using Järvenpää's (2007) framework, where managerial interventions are classified into informal and formal. Since company management has a strong role especially regarding the informal controls, it seems that Järvenpää (2007) implicitly assumes the management has an effect on the accounting culture. It was evident also in the study that some formal interventions, such as using the balanced scorecard, facilitated business controlling, whereas some interventions, such as the information systems, also hindered the controller's involvement in operational issues.

As the members of the top management team stated, informal interventions were the crucial ones affecting the organizational position of controllers. Although there was some ambiguity concerning the effect of the top executive's part in shaping controllers' roles, most often the senior management was seen as the ones controlling the management accounting resources and finally deciding where the controllers focus or should focus their efforts. As Partanen (2001) noted, the business partnering also requires that managers acknowledge the decision-making situations where controllers could be more involved. During the study, it also became obvious that one should not ignore the cultural issues or the role senders' contribution when studying controllers' roles.

As Morgan (1997) argued, the top management plays a crucial role in shaping the culture that guides the organization, and thus it could be argued that it also plays an important role in determining the accounting culture. Also Byrne & Pierce (2007) recognized culture and management as antecedents to controllers' roles. In fact, they listed several internal as well as external factors affecting controllers' roles. However, only the impact of other top management team members and accounting culture were in the scope of this study.

However, it is not enough to emphasize the importance of controllers' managerial roles in top management team work if the management role modeling indicates something different. As Järvenpää (2007) points out, it is worth considering also the unconscious role of these informal interventions. Although the business unit leader in the case company promoted "leading with numbers", this was not evident in the top management team; performance evaluation was seen as "informative", not requiring decisions or actions, and operational decisions were made based on feelings more than on figures.

Although other members of the TMT possibly affect controllers' roles, they did not always recognize themselves as role senders. This might lead to increased role ambiguity and impact the controllers' position in the top management team decision-making. It should also be noted that the ambiguity of role senders has not been obvious in the previously presented literature, where the role senders are assumed to know they are the persons affecting the role set (see e.g. Katz & Kahn 1978).

6.2 Issues of role clarity and business controlling

Finding 2: Nowadays the controllers are consuming most of their time in non-value-adding activities although both managers and controllers are acknowledging this should not be the case.

Many studies have been conducted focusing only on the financial staff (Partanen 2001, Granlund & Lukka 1998) and analysis of their current tasks. These studies have also been focused on interviewing company CFO's and senior controllers, but the voice of business unit controllers has been a mere whisper. However, there are some exceptions. Ahrens (1997) and Byrne & Pierce (2007) interviewed both managers and controllers. It should also be noted that the previously conducted studies have often gathered the empirical evidence through interviews or surveys, which raises the question of whether the interviewees talk about how things are, or how they should be. Also, as Mintzberg (1973) already stated, the actually performed tasks and routines may not at all be the ones that should be performed.

Previous studies have concentrated on the company- or group level controllers and CFO's. This applies, for example, in Partanen's (2001) study, where he interviewed only CFO's and group controllers. In the study at hand, the focus has been shifted to include not only financial staff, but also the role senders and the users of the controlling services: the top management team members. Based on Byrne & Pierce's (2007) recommendation, this study was conducted on the business unit level, aiming to deepen our understanding of controllers' roles in lower organizational levels. Also, the study included participant observation, and interviews were used to complement the picture. However, in contrast to previous studies on controllers' roles, the emphasis on interviews was placed on business managers (8 interviewees) instead of controllers (2 interviewees).

As controllers stated, their job in the case company was not actually meeting the characteristics of business partnering; most of the time they were tied in routine activities, which were prioritized above the supporting of business units and operational managers. Also, as the top management team members pointed out, even though controllers sit on the TMT of the business unit, they should also support individual managers. The interviewed members of the TMT stressed that the controller's interests are mainly on the business unit level, although financial advisors are needed also in the levels above the business unit.

The previous studies have mainly focused on the company level. These studies have found strong evidence of the emergence of business partner controllers. Since the previous studies have focused on the more senior controllers and CFO's, the results of the study might indicate that the business partnering activities are focused on the more senior financial staff, whereas the business unit controllers are still tied to number-crunching and routine activities. Thus, more research is still needed on the roles and every-day life of the business unit controllers. It would also be interesting to know in more detail how the controllers are involved in the levels below the business unit, how they support e.g. the department heads.

Finding 3: There are some ambiguities related to controllers' roles as decision-makers in the top management team.

Byrne & Pierce (2007) found out that there is some ambiguity in managers' and controllers' perceptions of controllers' roles concerning business partnering activities. The study at hand supports this view, adding that this ambiguity might also increase in situations where managers do not realize their role as role senders. Managers had quite a lot of different expectations towards controllers in the decision-making process, but there was no clarity on who decides about prioritizing of those roles.

In an absolute sense, role ambiguity exists when the information available to a person is not enough for adequate performance of the role (Katz et al. 1964, 72-73, 94-95). However, there might often be disagreements also between members of role sets with respect to what the focal person should actually do (Katz & Kahn 1978, 220). The person may be uncertain about the scope of his or her responsibilities, about what is expected of him or her by others, and what behaviors will be effective in meeting these expectations (Katz et al., 1964). The study identified several roles controllers play in TMT decision-making, and the expectations of the TMT members varied somewhat from the actually performed roles. Thus, it would be important to clarify also the controllers' roles in the top management team decision-making context.

As Byrne & Pierce (2007) highlight, a greater involvement of the controller requires a common perspective on the roles of controllers and management's support. The empirical analysis of this study has pointed out that in the case company, controllers' roles in the top management team are taken for granted; they are thought to be explicit, although no one has stated them clearly. In reality, especially the decision-making roles seem to be unclear, indicating a need to clarify them.

According to Partanen (2001), business partnering requires also assuming a new professional identity and role image. However, according to Ahrens and Chapman (2000), it is far from clear to what extent contemporary management accounting practices are indeed informed by common understandings on how controllers should work. Since management accounting work is strongly characterized by the specifics of the organizations, the content and processes of controllers' work still requires further studies which illustrate the organizational environment and realities the controllers face in their everyday work.

6.3 Current and emergent roles

Finding 4: The managers expect controllers to assume more responsibility of pushing the decision-making and related actions and a more proactive attitude.

The empirical material related to controllers' roles was classified into following four groups: (see also Figure 6: Controller's different roles in the TMT decision-making)

1) information provider roles (current, non-value adding)
2) persuasive focuser roles (current, value-adding)
3) forcible intervention-maker (emergent, value-adding)
4) proactive decision-pusher (emergent, value-adding)

As Granlund and Lukka (1998) point out, the most important task of the controller is to bring the financial perspective into managerial decision-making situations and to take care that this information will be received by managers. The somewhat surprising findings of this study indicate that in fact, the top management team members expect controllers to assume roles that are certainly not included in the bean-counter profile. Most interestingly, especially the business managers highlighted the demand for controllers who proactively and forcefully push the top management team decision-making. These expectations related to the emergent roles of intervention-makers and decision-pushers. However, it should be noted that although the controllers expressed interest in business partnering roles, these emergent roles surfaced mainly when interviewing the business managers.

The managerial roles have been categorized into different groups also in previous studies. Based on an observational study of five top executives, Mintzberg (1980) stated that managers' work could be described in terms of ten roles. These ten roles are divided into three different groups in terms of managerial activities: the interpersonal roles, informational roles and decisional roles. The interpersonal roles have a ceremonial character, and include (external) networking. The informational roles focus on sharing a variety of internal and external information. The decision-making roles highlight the responsibilities of managers in terms of bringing about change, taking corrective action and allocating resources. Also Partanen (2001) bases his role metaphors of controller's roles on Mintzberg's (1973) classic framework of managerial roles. Next, these two role studies are compared in more detail.

When comparing the roles identified by Partanen (2001) and Mintzberg (1973), some differences can be found. While Partanen categorizes the roles as information and control, interaction and management and future-oriented roles, Mintzberg's trio consists of informational, interpersonal and decisional roles. In contrast to Mintzberg (1973), Partanen (2001) also identified negative roles. However, when studying financial managers, he also ignored the decision-making roles identified by Mintzberg (1973). In Partanen's (2001) categorization, the decision roles seem to be replaced with the future-oriented rally co-driver role. As Mintzberg (1973) noted, different chief executives emphasize different roles. And as Partanen analyzed only the accounting personnel, and Mintzberg focused on the chief executives in different positions and branches, it seems quite natural that some differences can be found.

Mintzberg's studies (1973, 1980) have also received quite a lot of critique concerning the validity and generalizability of their results. First, the studies are based on observations of five chief executives from different fields of activity: a consulting firm, a consumer goods manufacturer, a technology firm, a hospital and a school system. These five executives recorded all their activities in a diary during one week. Based on this data, Mintzberg developed the framework of ten basic roles to describe the managers' job. As he himself noted, each of the managers seemed to concentrate on one set of roles depending of their position; production managers who were concerned with maintaining the work flow gave greatest attention to decision roles, where the extroverted sales managers devoted most of their time to the interpersonal and communicative roles, and the staff managers focused on the informational roles.

Although all ten roles are inseparable and all emerge in executives' work, not all executives stress the same roles. Mintzberg (1980, 54) also emphasizes that individual personality may affect how a role is performed, but not that it is performed. According to Mintzberg (1973), these ten roles are common in managerial work, regardless of the function or hierarchical level. Thus, the relationship between interpersonal contact, information processing and decision-making is inseparable in managers' work. However, differences do exist in terms of importance and effort dedicated to each managerial role based on job content, different skills level, and expertise.

As Byrne & Pierce (2007) noted, the empirical research on controllers' roles has indicated a set of quite contradictory findings. Whereas in some studies controllers have an important role in organizational decision-making processes (Ahrens 1997, Vaivio 2004 and 2006), other studies have pointed out that the controllers' roles are not meeting the managerial expectations. This study identified some business partnering roles that were emergent in the business controller level, but which were not yet acted. The results might thus indicate that the more senior controllers act as true business partners, affecting the expectations of business managers regarding the controllers' roles, thus increasing the pressure for the lower-level controllers to take their place in the TMT decision-making as well, challenging and driving the decision-making in the top management team and providing a fact-based view of the issues at hand.

6.4 Controllers as decision-makers

Finding 5: Controllers engage also in informal decision-making.

The central decision-making situations where the controllers' contribution was expected could also be categorized based on their level of formality. In this study, the three most important decision-making situations where controllers were involved were:

1) outlook process (informal)
2) pricing decisions (formal)
3) capital investment decisions (formal)

The study also revealed the "tacit" decisions controllers make outside the top management team meetings, for example because of the tight schedule. This "tacit" decision-making was evident especially in decisions concerning the outlook, although it affects directly the operational targets. The speed of the reporting cycle acts as an example of a situation, which was highlighted also by Mintzberg (1973); the top managers have the information and the authority to make effective decisions, but they often lack the time and the concentration these decisions require.

Mintzberg (1973) also notes that the managers can improve the quality of decisions significantly by getting the unbiased opinion of someone who has the time, skill and inclination to do broad, basic analysis. Thus, this piece of information could be interpreted in the way that in the lower level executives, there could be room for this analyst-type of role who, instead of acting in the ceremonial leader role, has the ability to do the "quick and dirty" analysis and give the unbiased opinions to the decision-makers, "feed the managers with the analysis of the situation and the broad perspective of the issue while it is still alive." (ibid).

It is also important to look at the context in which decisions are made. As Langley (1995) points out, ability for analytical or intuitive thinking and also the more complex cultural issues affect the use of formal analysis in decision-making. For example, "paralysis by analysis" would often be associated with people who are naturally drawn to numbers, while the reverse would be associated with managers with intuitive cognitive styles (ibid). Nowadays the separation of managers and controllers was evident also in the case company, although the head of the business unit stressed the need to "lead with numbers". This raises also some questions concerning the case company's top management teams and the relationship between analysis and intuition in decision-making. Will the increasing quantification in the case company change how decisions are made? Will it drive out the influences of intuition, practical experience and judgment? Will "hard" numbers overwhelm "soft" talk?

The need to balance between optimism and realism was also evident in the case company. Managers unsurprisingly assumed controllers to be the ones with a realistic outlook on decisions affecting financial performance, bringing the "outsider view. These findings are well in line with the suggestions of Lovallo and Kahneman (2003).

However, this split between objective and realist controllers and intuitive business managers also raises further questions. How do controllers maintain their objectivity in actual decision-making situations, especially when they actively take part in preparing the decisions? Is the balance between objectivity and subjectivity more often found through division of roles of managers and controllers, when optimists and realists compensate each other?

7 CONCLUSIONS

The purpose of this study was to depict the role of controllers in top management team decision-making. The empirical part of the thesis consisted of analyzing the interviews and observations applying the theoretical lenses of role theory, controller's role studies and managerial decision-making. Based on the empirical excursion, the research questions were answered by providing a rich illustration of the controllers' roles in managerial decision-making. After analyzing the gathered empirical evidence in the previous chapter, it is now time to turn to the final interpretations of the following central themes that arose from the material:

1) The top management team members placed a large responsibility on controllers' shoulders regarding analysis-based decision-making. The controllers were expected to be the ones making sure that numbers are not taken at face value, as something automatic and informative. The controllers should thus be the ones preparing the scene for the decision-making by focusing the attention on key issues, bringing realism to meetings, and finally, pushing the managers to make the needed decisions.

2) The controllers' roles as decision-makers are anything but clear. Although the study was conducted in a single business unit, some central questions emerged relating to role ambiguity, which could be worth to taking into account also in other companies. First, who has the final word on determining controllers' roles in the top management team? Second, have the targeted roles been communicated to the controllers or are they taken for granted? Third, are the resources arranged so that these wanted roles can actually be performed?

This chapter will discuss these findings further and give some concluding remarks regarding these issues. Also some recommendations are given to the case company. At the end of this chapter, some possibly interesting inquiries for further research are presented.

7.1 The decision-pushers

The purpose of the study was to analyze controllers' roles in top management team decision-making and to examine how controllers contribute to managerial decision-making processes. The empirical data was gathered between January and April 2008, and included participant observation of five TMT meetings complemented with ten interviews of TMT members. The empirical part of the thesis consisted of analyzing the current and emergent roles that surfaced during the gathering of empirical data. These roles were divided into current and emergent roles depending on their nature.

The current roles included the information provider roles of number cruncher, master of numbers, toolkit controller, objective gatekeeper, and information hunter, as well as the value-adding persuasive focuser roles of coordinating force and attention director. The emergent roles were even more proactive by nature and included both the forcible intervention maker roles of accounting ambassador and the awakening role and the proactive decision pusher roles of sparring partner, realist outsider and active member of the TMT.

Surprisingly, the findings of the study suggest that TMT members expect active decision-pushing and a highly proactive attitude from the controller. However, a clear line of operational decision-making that controllers should not cross was also evident. The study also identified some gray areas in the controllers' decision-making roles. Although the business managers stressed the importance of controllers "pushing" the decisions if they are not made otherwise, controllers themselves had not identified this role, even though it was obvious that the numbers did not lead to decisions.

Even though the outcome of "becoming a business partner" has been documented in several studies, little is known about the process itself. How these true business partners got rid of these weary accounting routines: how have the other top management team members made room for the controller in these "best practice" organizations? A detailed single case study of this area could highly contribute to both academic and professional literature. Thus, the other controllers could also take example of these "top controllers", increasing the pool of real business partners.

7.2 Taking responsibility of the role clarity

Informal interventions such as role modeling, directing of personal attention – carried out by top management and top financial executives - and storytelling contribute to the constitution of cultural practices. As Järvenpää (2007) stated, the potential power of these informal change interventions and mechanisms should not be underestimated, with further research being, in fact, in great need (Järvenpää 2007).

The main objective of this study was not to study the cultural interventions, but the power of these informal interventions made (unintentionally) by top management was also evident in this study. Although officially the "leading with numbers" was promoted in the business units, little had been done so far to carry this out in practice. In fact, attention paying, or not paying attention, to the performance measures, and the unclear roles of controllers as decision-makers in the top management team, hindered controllers' organizational position among operations.

As it turned out, the issue of role clarity also deals with the question of who makes or who should make the final decision on controllers' actual roles and participation. As Byrne & Pierce (2007) highlight, controllers themselves play a critical role in defining their roles. However, as this study suggests, the controllers alone cannot define their roles. A huge part is played by the role senders, whether it implies top management, other controllers or the top management team members. Since this is also a question of resourcing, and especially where the organization should focus its efforts, the question of controllers' roles expands beyond the controllers' own reach. The accounting ambassadors are needed here to boost their organizational position.

The study aimed to contribute to managerial accounting research by diving into the unclear waters of controllers as decision-makers. It turned out that some further clarification is needed here. The case organization, and maybe other organizations as well, would benefit from having the discussion of where controllers stand in the top management team decision-making at the moment and where they should stand in the future. Thus, the lesson learned was that controllers' objectives in the top management team should be clarified in order to perform the expected roles.

7.3 Managerial implications

Next, the research findings are analyzed from the perspective of the case company. The recommendations for the case company are divided according to the two central themes that arose from the empirical material:

1. Factors that enable the proactive role of controllers
2. Factors that enhance role clarity

The first class involves factors that relate to the case company's accounting culture, including attitudes, beliefs and commitment. Based on the empirical findings of this study, it is recommended that careful attention should be paid on how to commit the entire senior management to "leading with numbers". It is essential to strengthen the accounting culture in order to be able to make decisions based on the financial figures instead of feelings and intuition. Also, the attitudes of the senior management should be acknowledged as possibly hindering the controllers' participation in decision-making, relating for example to informing the controller of the on-going investment activities or forthcoming pricing decisions. Also, the senior management should be willing to support the expected role development, if they really do want the expected roles to be performed.

The significance of this recommendation is evaluated to be high, resulting from the fact that it will have a significant effect on the accounting culture of the case company. However, it should be noted that the change in the accounting culture is not likely to happen in the short run, but it should be considered a long-term target. This recommendation can also be generalized to other companies as well. Particularly in companies where controllers' roles are not meeting the managerial expectations, it would be of use to scrutinize also the attitudes of senior management. It is also recommended that the case company acknowledges the impact of management on controllers' roles in the top management team.

The second category involves recommendations involving factors enhancing the controllers' role clarity. It is recommended that the case company's top management teams defines and analyses the controllers objectives in top management team decision-making and decides the essential roles to be acted or tasks to be performed. These tasks or roles should then be prioritized and controllers should focus on improving the enactment of the prioritized roles. All roles should not automatically be considered as important if they are not value-adding or significant, considered the set objectives for controller function. Trade-offs should be made explicit considering the significance of the roles, since the controlling resources are limited.

Also, it is suggested that the case company states who controls the controllers; who determines the roles of the controller function. Whether it is the controlling head, the head of business unit, or the chairman of the top management team, this should be made explicit and taken into account also when going through the yearly assessment of personal objectives and goals. The importance of this recommendation is also considered high and results can be achieved in the short run also. To generalize the recommendation, also other companies' top management teams could benefit from going through the objectives of the controlling function, whether they want business support or whether they settle for financial controlling and traditional variance analysis and correctness of financial results. Resources should then be organized accordingly.

7.4 Assessment of findings and subjects for further research

The research questions of the study were the following:

1. What kind of roles do controllers have in the top management team decision-making?
2. How do controllers contribute when making decisions in the top management team?

When comparing the study and its findings to the objectives stated in the beginning of the study it can be argued that the study has met the previously set objectives. The study opened the discussion on controllers' roles in organizational decision-making, presenting several current and emergent roles business controllers occupy in top management team decision-making. Since previous research on controllers' roles in a central business partnering activity of managerial decision-making was rather limited, the objective of the study was quite cautious: to examine the controllers' roles in top management team decision-making.

As Byrne & Pierce (2007) identified the need to investigate more "junior" controller positions in organizations, in this study, senior controllers were excluded and the study focused on business controllers. Also, previous studies have investigated controllers' roles mostly in the manufacturing sector.

Also, the viewpoint of studying the roles differs somewhat from previous studies. In this study, the case study approach was used to examine the roles in greater depth, using multiple sources of data in the form of observations and interviews. For example Partanen (2001) interviewed only financial managers and did not take into account the expectations others placed to controllers' roles. The study at hand, instead, aimed to take into account also the accounting culture and role of the top management team members in formation of controllers' roles.

This study relied greatly on two key findings on Byrne & Pierce (2007): first, it was assumed that managers play a significant role in shaping the controllers' roles and second, the ambiguous and conditional nature of business partnering roles was recognized. Byrne & Pierce (2007) found out that there is some ambiguity in managers' and controllers' perceptions of controllers' roles concerning business partnering activities. The study at hand supports this view, adding that this ambiguity might also increase in situations where managers do not realize their role as role senders.

Thus, according to the results of this study, the decision-maker roles controllers play in the top management team are not just about controllers making their way to the company management; neither are they about managers making room for controllers, but they include a whole array of cultural twists and taking responsibility of stating the controller's role. In the case company, managers had quite a lot of different expectations towards controllers in the decision-making process, but there was no clarity on who decides about prioritizing of those roles. Someone should thus take responsibility for clarifying the role, but who should that be? This question is not in the scope of this study; that is another story to be told by another study.

Some words of caution are also necessary while reading a case study. Special attention should be paid to the generalization of case studies. However, the value of empirical research is often based in its rich and convincing, recognizable description of the research subject. As these differ among researchers, a case study is also able to generate a variety of alternative perspectives as the readers impose different meanings and interpretations upon empirical findings (Astley 1985, Alvesson & Kärreman 2007).

When reading studies of managerial roles it should also be noted that there are some inherent difficulties related to typologies, including the often over-emphasized uniqueness of individual organizations, and the inability of these "pure" types to account fully for the variability encountered among organizations (Katz & Kahn 1978, 182). Thus, these identified decision-making roles also require further investigation.

In this study, the controllers' roles were divided into four different groups based on the nature of these roles. When compared to previous studies, it is important to note that the realist and decision-pusher roles and their emergence in the business unit level have not been previously documented. Thus, further research on the nature of the presented roles is needed in order to deepen our understanding on how the business controllers are proactively involved in managerial decision-making.

Byrne & Pierce (2007) also highlighted that there is a potential for conflict when controllers occupy roles combining the need for objectivity and independence such as producing and using surveillance and control information, with business involvement managerially active duties. Further investigation of the objective and realist roles and assessment of the possible role ambiguities related to these roles is needed. Especially, the split between objective and realist controllers and intuitive business managers also offers some inquiries for further research. Is objectivity merely a question of personality or profession? How do controllers maintain their objectivity in actual decision-making situations, especially when they actively take part in preparing the decisions? How realist and objective are the controllers in fact?

As Barley (1989, 50) pointed out, role and identity are two sides of the same coin: while roles look outward toward the interaction structure in a setting, identities look inwards toward the self-definition associated with role enactment. Also, the way professionals view their role identity is central regarding how they interpret and act in work situations. Thus, when studying the roles of optimists and realist controllers, professional identity literature could provide interesting theoretical lenses for the empirical analysis.

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APPENDIXES

Appendix 1: Empirical data

List of interviews

Title and line of business	Date	Duration (min)
Business controller, Solution Offering	5.3.2008	76
Business controller, Solution Offering	7.3.2008	46
Head of operations, Service Platforms	25.4.2008	60
Head of operations, Service Platforms	21.4.2008	40
Business manager, Solution Offering	4.3.2008	38
Business manager, Solution Offering	12.3.2008	55
Business manager, Solution Offering	12.3.2008	78
Business manager, Solution Offering	13.3.2008	41
Business manager, Solution Offering	7.4.2008	55
Previous member of TMT, Solution Offering	11.3.2008	60

Total duration of the interviews: 9 hours and 9 minutes.

List of observed meetings	Date	Duration (min)
Management team, Solution Offering (strategy)	16.1.2008	150
Management team, Solution Offering (training)	30.1.2008	150
Management team, Solution Offering(pricing)	3.3.2008	120
Management team, Solution Offering(performance)	14.4.2008	120
Management team, Service Platforms (performance)	21.4.2008	150

Total duration of the meetings: 11 hours 30 minutes

Appendix 2: Interview structure

All questions were not covered with all interviewees. The main structure of the interviews was sent beforehand to the interviewees, as well as the approximated duration of the interviews (1 hour) and the objectives of the study. These were also presented at the beginning of each interview.

All the interviewees reacted positively to the interview proposal. The interviews were conducted in a conversational mode. Thus, not all questions were asked from all interviewees.

1) Professional background

Educational background
Working history in brief
How long have you been involved with TMT's?
Short description of your area of accountability

2) Performance evaluation in top management teams

Could you briefly describe the performance evaluation process?
Where interest is drawn, what material is presented?
Who presents the information and how?
How accurate do you consider the figures?
Do you go through the figures before the meeting? How?/ Why not?
How do you prepare for the performance evaluation meeting?
How do previous experiences affect the evaluation?

3) Non-financial measurement and controller's role in TMT

What kind of non-financial measures are used alongside of purely financial measures?
How is responsibility for these measures divided between finance and operations?
What is the controllers' relation to the scorecard?
What is the relationship between the scorecard and operational measures? How are they used in the TMT?
Are these operational measures indisputable?
How do you process the scorecard measures in the TMT?
If the scorecard is "red", how does the TMT react?
Do you make decisions based on performance figures?

4) Controller as member of the TMT

What are the objectives and main responsibilities of the controller in the TMT?
How clear are these objectives?
What do you expect from the controller in the TMT?
What kind of roles do controllers have in relation to other members of the TMT?

What kind of antecedents affect the controller's role in the TMT?
Who affects controllers' roles the most?
Describe an ideal situation of a controllers' involvement in TMT?
What are the main challenges to this?

5) Controller and TMT decision making

How is the controller involved in decision-making?
In what kind of decisions are controllers involved? Some examples?
Have the expectations changed in recent years?
Is the role supportive or does the controller also make decisions?
How does the controller support the decision-making?
How far should the controller go in the decision-making process?

6) Professional profile

Do you employ the controller sufficiently in decision-making situation?
Should controllers "sell" their services more? Why or why not? Examples?
Is there sparring and challenging the management?
Is there some area that could benefit from more "sparring"?
What kind of challenges does the engineer-oriented TMT place to controllers?
Realist vs optimists: How objective should the controller be?
How is this objectivity obtained?
How important is the business knowledge of the controller?

7) Accounting culture

What is the story behind "leading with numbers"?
How do you "lead with numbers"? Has something changed after this new mode?
How do you perceive the accounting culture?
Who says the final word on controller's role in the organization?
How do other members of TMT affect controllers role?
How does the managers perceive the controlling function?

Appendix 3: Observation plan for the meetings

Agenda and scheduling

- Do people arrive on time?
- How much time is reserved for financial issues?

Interaction

- What kind?
- With whom?
- Are the views questioned?
- Do the managers give explanations?
- What is the focus? On what is attention paid?
- Priorities, directing attention?
- What is ignored?
- How much does the controller take part in the discussions?
- On what kind of topics?

Financial review

- What and how is it presented?
- How do others react to the presented issues?
- Observations on the environment?
- How much is asked or questioned?

Decision-making atmosphere

- What kind?
- Who is the secretary?
- Interventions?
- Jargon?
- Pointing out problems?
- What kinds of issues are decided?
- Who presents the information?
- Are the action points gone through?
- How is interest drawn to things?

Appendix 4: Organization chart of Solution Offering, the top management team